



MARQUEST MUTUAL FUNDS INC.

ANNUAL REPORT

Year ended December 31, 2014

TABLE OF CONTENTS

Management's Responsibility for Financial Reporting	3
Auditor's Report	4
Marquest Mutual Funds Inc. - Explorer Series Fund	5
Marquest Mutual Funds Inc. - Energy Series Fund	12
Marquest Mutual Funds Inc. - Canadian Flex™ Series Fund	17
Marquest Mutual Funds Inc. - Resource Flex™ Series Fund	23
Marquest Mutual Funds Inc. - Flex Dividend and Income Growth™ Series Fund	28
Notes to the Financial Statements	33

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by Marquest Mutual Funds Inc. the Manager of:

Marquest Mutual Funds Inc. - Explorer Series Fund (Formerly Pathway Multi-Series Fund Inc.- Explorer Series Fund)

Marquest Mutual Funds Inc. - Energy Series Fund (Formerly Pathway Multi-Series Fund Inc.-Energy Series Fund)

Marquest Mutual Funds Inc. - Canadian Flex™ Series Fund (Formerly Pathway Multi-Series Fund Inc. - Canadian Flex™ Series Fund)

Marquest Mutual Funds Inc. - Resource Flex™ Series Fund (Formerly Pathway Multi-Series Fund Inc. - Resource Flex™ Series Fund)

Marquest Mutual Funds Inc. - Flex Dividend and Income Growth™ Series Fund (Formerly Pathway Multi-Series Fund Inc. - Flex Dividend and Income Growth™ Series Fund)

(Collectively the "Funds")

and approved by the Trustee. The Manager is responsible for the information and representations contained in these financial statements and other sections of the Annual Report.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Funds are described in Note 2 to the financial statements. Collins Barrow LLP is the external auditor of the Funds. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express the unit holders their opinion on the financial statements. Their report is set out on the following page.

"Gerry L. Brockelsby" (signed)

Gerry L. Brockelsby

Director

Marquest Asset Management Inc.

"Stephen J. Zamin" (signed)

Stephen J. Zamin

Director

Marquest Asset Management Inc.

INDEPENDENT AUDITORS' REPORT**To the Shareholders of Marquest Mutual Funds Inc.**

We have audited the accompanying financial statements of Marquest Mutual Funds Inc. (the "Funds") which comprise the statements of financial position as at December 31, 2014, December 31, 2013 and January 1, 2013, the statements of comprehensive income, changes in net assets attributable to holders of redeemable shares and cash flows for the year ended December 31, 2014 and December 31, 2013 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

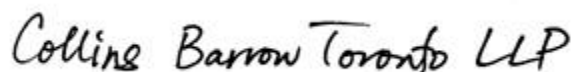
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Financial Reporting Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2014, December 31, 2013 and January 1, 2013 and the results of their financial performance, their changes in net assets and their cash flows for the years ended December 31, 2014 and December 31, 2013 in accordance with International Financial Reporting Standards.



Licensed Public Accountants
Chartered Accountants
March 31, 2015
Toronto, Ontario

Marquest Mutual Funds Inc. - Explorer Series Fund

Statements of financial position (presented in CDN \$)

As at

	December 31, 2014	December 31, 2013 (Note 11)	January 1, 2013 (Note 11)
Assets			
Current Assets			
Investments	\$ 9,519,381	\$ 13,707,232	\$ 33,743,607
Cash	321,221	453,533	2,685,212
Receivable for investment securities sold	31,597	412,537	-
Refundable taxes receivable (note 5)	3,421,357	2,781,377	3,921,163
Receivable from other corporate series (note 4)	204,248	151,683	322,018
Prepaid fees	16,298	16,288	-
Dividend receivable	-	-	24,318
	\$ 13,514,102	\$ 17,522,650	\$ 40,696,318
Liabilities			
Accrued liabilities	\$ 116,466	\$ 218,166	\$ 38,187
Due to Manager	26,075	33,160	247,711
Payable for redeemable shares redeemed	32,004	-	-
Payable to other corporate series (note 4)	-	14,871	-
Income taxes payable	692,544	-	-
Payable for investment securities purchased	-	-	512,727
	\$ 867,089	\$ 266,197	\$ 798,625
Net assets attributable to holders of redeemable shares	\$ 12,647,013	\$ 17,256,453	\$ 39,897,693
Net assets attributable to holders of redeemable shares			
Series A-Rollover	\$ 12,629,773	\$ 17,224,559	\$ 39,857,260
Series A-Regular	\$ 15,620	\$ 29,559	\$ 39,352
Series F	\$ 1,620	\$ 2,335	\$ 1,081
Net assets attributable to holders of redeemable shares per share			
Series A-Rollover	0.59	\$ 0.86	\$ 2.01
Series A-Regular	0.63	\$ 0.92	\$ 2.14
Series F	0.55	\$ 0.79	\$ 1.82

Approved on behalf of the Board of Directors of Marquest Mutual Funds Inc.
the Manager of the Fund

"Gerry L. Brockelsby" (signed)

Gerald Brockelsby

Director

Marquest Asset Management Inc.

"Stephen J. Zamin" (signed)

Stephen Zamin

Director

Marquest Asset Management Inc.

See accompanying notes

Marquest Mutual Funds Inc. - Explorer Series Fund

Statements of comprehensive income (presented in CDN \$)
For the years ended December 31,

	2014	2013 (Note 11)
Income		
Dividends	\$ 150,175	\$ 20,951
Interest for distribution purposes	2,391	29,489
Other	24,600	61,300
Net realized loss on sale of investments, including foreign exchange loss	(6,233,353)	(13,580,578)
Net change in unrealized appreciation (depreciation) in value of investments	1,200,083	(6,172,425)
	(4,856,104)	(19,641,263)
Expenses (note 4)		
Management fees	405,850	574,947
Transaction costs (note 6)	236,563	290,974
Operating expenses	408,068	588,928
Audit fees	53,406	36,510
Custodian fees	20,292	28,753
Legal fees	33,332	133,808
Independent review committee fees	2,315	17,466
Total Expenses	1,159,826	1,671,386
Decrease in net assets attributable to holders of redeemable shares	\$ (6,015,930)	\$ (21,312,649)
Decrease in net assets attributable to holders of redeemable shares per series		
Series A-Rollover	\$ (6,008,455)	\$ (21,264,486)
Series A-Regular	\$ (6,760)	\$ (23,247)
Series F	\$ (715)	\$ (24,916)
Decrease in net assets attributable to holders of redeemable shares per share		
Series A-Rollover	\$ (0.27)	\$ (1.10)
Series A-Regular	\$ (0.24)	\$ (1.17)
Series F	\$ (0.24)	\$ (1.13)

See accompanying notes

Marquest Mutual Funds Inc. - Explorer Series Fund

Statements of changes in net assets attributable to holders of redeemable shares (presented in CDN \$)
For the years ended December 31,

	<u>Series A-Rollover</u>		<u>Series A-Rollover</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Net assets attributable to holders of redeemable shares, January 1	\$ 17,224,559	\$ 39,857,260	\$ 29,559	\$ 39,352
Decrease in net assets attributable to holders of redeemable shares	(6,008,455)	(21,264,486)	(6,760)	(23,247)
Redeemable share transactions				
Proceeds from redeemable shares issued	27,287,448	20,442,650	1,250	21,921
Redemption of redeemable shares	(25,873,779)	(21,810,865)	(8,429)	(8,467)
Net redeemable share transactions	1,413,669	(1,368,215)	(7,179)	13,454
Net assets attributable to holders of redeemable shares, December 31	\$ 12,629,773	\$ 17,224,559	\$ 15,620	\$ 29,559

	<u>Series F</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Net assets attributable to holders of redeemable shares, January 1	\$ 2,335	\$ 1,081	\$ 17,256,453	\$ 39,897,693
Decrease in net assets attributable to holders of redeemable shares	(715)	(24,916)	(6,015,930)	(21,312,649)
Redeemable share transactions				
Proceeds from redeemable shares issued	-	52,641	27,288,698	20,517,212
Redemption of redeemable shares	-	(26,471)	(25,882,208)	(21,845,803)
Net redeemable share transactions	-	26,170	1,406,490	(1,328,591)
Net assets attributable to holders of redeemable shares, December 31	\$ 1,620	\$ 2,335	\$ 12,647,013	\$ 17,256,453

See accompanying notes

Marquest Mutual Funds Inc. - Explorer Series Fund

Statements of cash flow (presented in CDN \$)

For the years ended December 31,

	2014	2013
Cash flows from operating activities		
Decrease in net assets attributable to holders of redeemable shares	\$ (6,015,930)	\$ (21,312,649)
Adjustments for:		
Net realized loss on sale of investments, including foreign exchange loss	6,233,353	13,580,578
Net change in unrealized appreciation (depreciation) in value of investments	(1,200,083)	6,172,425
Purchases of investments	(25,865,012)	(28,528,049)
Proceeds from sale and maturity of investments	25,400,533	27,886,157
Due from funds	(185,206)	185,206
Due to Manager	(7,085)	(214,551)
Dividend receivable	-	24,318
Income taxes	170,334	1,139,786
Prepaid fees	(10)	(16,288)
Accrued liabilities	(101,700)	179,979
Net cash from operating activities	(1,570,806)	(903,088)
Cash flows used in financing activities		
Proceeds from issuances of redeemable shares	27,288,698	20,517,212
Amounts paid on redemption of redeemable shares	(25,850,204)	(21,845,803)
Net cash used in financing activities	1,438,494	(1,328,591)
Net increase (decrease) in cash	(132,312)	(2,231,679)
Cash at beginning of period	453,533	2,685,212
Cash at end of period	\$ 321,221	\$ 453,533

See accompanying notes

Marquest Mutual Funds Inc. - Explorer Series Fund

Schedule of Investment Portfolio
As at December 31, 2014

Number of Shares		Expiry Date	Strike Price	Cost ***	Fair Value
CANADIAN EQUITIES (74.3%)					
Base Metals (34.6%)					
950,000	Accord Minerals Corp.**			\$ 95,000	\$ -
1,625,000	Appalaches Resources Inc.			145,405	8,125
529,410	Beacon Resources Inc.**			-	-
480,176	Brixton Metals Corp.			398,613	67,225
10,760,115	Cadillac Ventures Inc.			589,421	107,601
1,936,725	Canada Zinc Metals Corp.			883,023	551,967
650,000	Canadian Metals Inc.			45,500	35,750
400,000	Canadian Metals Inc., Warrants	June 27, 2015	\$0.30	-	-
166,666	Caribou King Resources Ltd., Warrants	December 20, 2015	\$0.10	-	-
2,600,000	Cavan Ventures Inc., Warrants	December 27, 2015	\$0.05	-	-
3,087,030	Chibougamau Independent Mines Inc.			215,998	123,481
1,000,000	Clarion Mining Corp.**			70,000	-
960,020	Commerce Resources Corp., Warrants	September 14, 2015	\$0.35	34	-
6,500,000	Continental Mining & Smelting Inc.**			1,000,000	-
3,549,000	Copperbank Resources Corp.			127,057	266,175
1,512,500	Copperbank Resources Corp., Warrants	June 5, 2015	\$0.23	-	-
1,974,500	Copperbank Resources Corp., Warrants	October 21, 2019	\$0.50	17,672	9,873
5,624,999	Eagleridge Minerals Ltd.**			830,000	-
1,375,000	Encanto Potash Corp., Warrants	June 4, 2015	\$0.30	-	-
660,913	Encanto Potash Corp., Warrants	August 18, 2015	\$0.30	-	-
917,924	Encanto Potash Corp., Warrants	October 15, 2015	\$0.30	-	-
2,163,681	Energizer Resources Inc.			364,909	270,460
1,268,092	Fancamp Exploration Ltd.			189,280	50,724
517	First Metals Inc.**			12	-
2,011,428	Fletcher Nickel Inc.**			110,629	-
11,868,685	Forest Gate Resources Inc.**			189,141	-
1,954,946	Glen Eagle Resources Inc.			268,805	263,918
672,127	Gold Reach Resources Ltd.			806,061	134,425
3,333,333	Golden Arch Resources Ltd.**			16,667	-
2,382,333	Great Lakes Graphite Inc.			166,763	95,293
3,333,333	Great Lakes Graphite Inc., Warrants	December 24, 2015	\$0.20	-	-
2,500,000	Honey Badger Exploration., Warrants	September 27, 2016	\$0.45	-	-
1,111,111	Intrinsic Materials Ltd.**			150,000	-
11,561,666	KWG Resources Inc.			770,846	462,467
3,428,571	Lamelee Iron Ore Ltd.			205,714	102,857
1	Leo Resources Inc.			-	-
5,750,000	Logan Copper Inc.**			93,125	-
992,150	Lomiko Metals Inc.			99,544	64,490
1,477,271	Lomiko Metals Inc., Warrants	September 13, 2015	\$0.15	295	-
14,333,334	Macdonald Mines Exploration Ltd.			286,667	71,667
5,263,158	Macdonald Mines Exploration Ltd., Warrants	August 18, 2015	\$0.25	-	-
4,000,000	Mag Copper Ltd.			50,000	60,000
2,000,000	Mag Copper Ltd., Warrants	December 17, 2015	\$0.10	-	-
3,771,428	Magpie Mines Inc.**			850,000	339,429
545,454	Mason Graphite Inc., Warrants	June 28, 2015	\$0.60	40,000	16,364
11,827,585	Mexivada Mining Corp.**			273,103	-
1,323,301	Nemaska Lithium Inc.			215,374	218,345
1,173,408	Nemaska Lithium Inc., Warrants	October 28, 2015	\$0.18	-	-
466,667	Nemaska Lithium Inc., Warrants	April 11, 2015	\$0.40	-	-
4,090,500	New Nadina Explorations Ltd.			238,490	40,905
3,818,182	Noble Mineral Exploration Inc.			114,545	19,091
7,500,000	Noble Mineral Exploration Inc., Warrants	April 13, 2016	\$0.05	-	-
1,800,000	Novx21 Inc.			153,000	162,000
2,390,690	Pacific North West Capital Corp.			259,283	71,721
1,666,665	Pacific Potash Corp., Warrants	June 7, 2016	\$0.80	-	-
625,000	Prima Diamond Corp., Warrants	November 26, 2015	\$0.18	-	-
2,437,500	Pro Minerals Inc.**			38,438	-
1,308,029	Puma Exploration Inc.			189,664	202,745
666,666	Puma Exploration Inc., Warrants	March 28, 2015	\$0.25	-	-
999,999	Puma Exploration Inc., Warrants	December 20, 2015	\$0.30	-	-
1,353,586	Rockcliff Resources Inc.			190,943	54,143
734,090	Rogue Resources Inc.			48,409	22,023
666,666	Rogue Resources Inc.*			50,000	19,400
250,000	Rogue Resources Inc., Warrants	December 30, 2015	\$0.12	-	-
333,333	Rogue Resources Inc., Warrants	March 22, 2016	\$0.17	-	-
125,000	Royal Nickel Corp., Warrants	July 9, 2016	\$0.80	10,000	11,250
388,888	St. James Resources Inc.**			350,000	-

Marquest Mutual Funds Inc. - Explorer Series Fund

Schedule of Investment Portfolio
As at December 31, 2014

Number of Shares	Expiry Date	Strike Price	Cost ***	Fair Value
CANADIAN EQUITIES (con't) (74.3%)				
Base Metals (con't) (34.6%)				
4,860,666	Starfield Resources Inc.**		\$ 14,303	\$ -
8,672,800	Superior Canadian Resources Inc.**		99,364	-
6,692,308	Tamerlane Ventures Inc.		133,846	33,462
2,000,000	Tantalex Resources Corp.		200,500	140,000
750,000	Tantalex Resources Corp., Warrants	March 10, 2016	\$0.15	-
6,000,000	Thundermin Resources Inc.		120,000	90,000
3,000,000	Thundermin Resources Inc., Warrants	June 24, 2015	\$0.07	-
3,200,000	Xmet Inc.		128,000	192,000
			<u>11,903,443</u>	<u>4,379,376</u>
Precious Metals (26.6%)				
3,820,000	Alexandria Minerals Corp.		171,900	152,795
163,334	Almaden Minerals Ltd.		245,001	186,201
81,667	Almaden Minerals Ltd., Warrants	July 26, 2015	\$2.00	-
1,735,000	Amex Exploration Inc.		156,150	121,450
1,070,000	Amex Exploration Inc., Warrants	May 1, 2015	\$0.20	-
377,500	Banks Island Gold Ltd.		132,125	52,850
187,900	Banks Island Gold Ltd.*		65,765	25,517
188,750	Banks Island Gold Ltd., Warrants	July 10, 2016	\$0.60	-
93,950	Banks Island Gold Ltd., Warrants	September 17, 2016	\$0.60	-
250,000	Banks Island Gold Ltd., Warrants	June 24, 2015	\$0.70	-
312,700	Banks Island Gold Ltd., Warrants	March 25, 2015	\$0.90	-
4,750,000	Bison Gold Resources Inc.		118,750	71,250
813,500	Bowmore Exploration Ltd.		114,704	44,743
1,000,000	Bowmore Exploration Ltd., Warrants	January 5, 2015	\$0.40	-
12,222,220	Castle Resources Inc.		390,986	61,111
3,499,000	Diadem Resources Ltd.**		307,752	-
3,800,000	Dolly Silver Corp.**		950,000	-
382,333	Eastmain Resources Inc.		107,763	87,937
500,000	Eastmain Resources Inc., Warrants	May 27, 2015	\$0.45	-
1,988,428	Finlay Minerals Ltd.		243,707	49,711
1,500,000	Genius Properties Ltd., Warrants	December 9, 2015	\$0.30	-
668,761	Globex Mining Enterprises Inc.		220,281	137,096
2,357,282	Gold Bullion Development Corp.		97,703	94,291
434,782	Gold Canyon Resources Inc., Warrants	August 6, 2015	\$0.40	-
1,363,636	Goldeye Explorations Ltd.		61,364	54,545
681,818	Goldeye Explorations Ltd., Warrants	December 11, 2015	\$0.15	-
4,400,000	Goldstake Exploration Inc.**		112,577	-
4,348,666	Harte Gold Corp.		317,897	260,920
3,000,000	Harte Gold Corp., Warrants	July 17, 2015	\$0.15	-
1,153,846	Harte Gold Corp., Warrants	December 18, 2015	\$0.15	-
158,700	IDM Mining Ltd.*		49,990	22,321
79,350	IDM Mining Ltd., Warrants	September 19, 2016	\$0.55	-
2,962,947	Integra Gold Corp.		643,427	577,775
10,294,332	Laurion Mineral Exploration Inc.		295,017	102,943
3,333,332	Laurion Mineral Exploration Inc., Warrants	July 31, 2015	\$0.10	-
400,000	Major Gold Ltd.**		22,000	-
326,550	Marathon Gold Corp.		165,074	97,965
1,250,000	Mega Precious Metals Inc.		93,750	56,250
625,000	Mega Precious Metals Inc., Warrants	January 15, 2016	\$0.15	-
4,563,789	Metanor Resources Inc.		756,145	342,284
412,500	Metanor Resources Inc., Warrants	May 12, 2016	\$0.30	-
4,545,452	Northern Star Mining Corp.**		18,182	-
442,307	Peregrine Diamonds Ltd.		88,461	79,615
545,879	Prima Diamond Corp.		54,588	24,565
2,318,966	Quartz Mountain Resources Ltd.		352,561	81,164
416,667	Rapier Gold Inc., Warrants	March 8, 2015	\$0.50	-
8,275,000	Red Pine Exploration Inc.		232,375	206,875
4,000,000	Red Pine Exploration Inc., Warrants	December 18, 2017	\$0.05	-
3,206,250	Red Pine Exploration Inc., Warrants	May 1, 2017	\$0.10	-
3,125,000	Red Pine Exploration Inc., Warrants	August 24, 2015	\$0.15	-
30,769,230	Resources Dianor Inc.**		407,692	-
497,849	Select Sands Corp.		135,664	37,339

Marquest Mutual Funds Inc. - Explorer Series Fund

Schedule of Investment Portfolio
As at December 31, 2014

Number of Shares	Expiry Date	Strike Price	Cost ***	Fair Value
CANADIAN EQUITIES (con't) (74.3%)				
Precious metals (con't) (26.6%)				
3,048,333			\$ 110,502	\$ 15,242
2,046,568	September 27, 2015	\$0.15	-	-
951,000			318,585	323,340
165,850	August 22, 2016	\$0.75	-	-
268,264	December 2, 2016	\$0.50	-	-
211,539	August 16, 2016	\$0.60	-	-
88,916	August 15, 2016	\$0.65	-	-
466,665			41,200	-
			<u>7,599,638</u>	<u>3,368,095</u>
Energy (13.1%)				
2,716,333			1,188,825	679,083
1,587,155			249,618	47,615
2,085,758			118,050	93,859
1,176,023			400,807	211,684
2,500,000			150,000	137,500
272,222	March 7, 2016	\$0.84	-	-
315,789	June 24, 2015	\$0.96	-	-
57,227	October 1, 2015	\$0.40	-	-
223,436	June 5, 2015	\$1.54	-	-
1,261,360			316,921	132,443
427,835			233,195	162,577
342,857	February 28, 2015	\$0.55	-	-
4,044,640			259,445	141,562
176,500			114,725	53,074
			<u>3,031,586</u>	<u>1,659,397</u>
TOTAL CANADIAN EQUITIES			<u>22,534,667</u>	<u>9,406,868</u>
FOREIGN EQUITIES (0.9%)				
Precious Metals (0.4%)				
995,000			88,370	48,481
500,000	December 22, 2015	\$0.75	-	-
			<u>88,370</u>	<u>48,481</u>
Base Metals (0.5%)				
914,742			100,622	64,032
			<u>100,622</u>	<u>64,032</u>
TOTAL FOREIGN EQUITIES			<u>188,992</u>	<u>112,513</u>
Total cost and fair value of investments (75.3%)			22,723,659	9,519,381
Transaction costs (note 7)			(25,832)	-
Total investments			<u>22,697,827</u>	<u>9,519,381</u>
Cash & Cash Equivalents (net) (2.5%)			321,221	321,221
Other assets (net) (22.2%)			2,806,411	2,806,411
Total net assets			<u>\$ 25,825,459</u>	<u>\$ 12,647,013</u>

* Security restricted from trading as at December 31, 2014

** Security not publicly traded as at December 31, 2014

*** Average cost includes transaction costs.

See accompanying notes.

Marquest Mutual Funds Inc. - Energy Series Fund

Statements of financial position
As at December 31, 2014 (presented in CDN \$)

	December 31, 2014	December 31, 2013 (Note 11)	January 1, 2013 (Note 11)
Assets			
Current Assets			
Investments	\$ 475,858	\$ 979,706	\$ 2,189,315
Cash	353,548	184,383	198,584
Dividend receivable	758	3,292	2,558
Receivable for investment securities sold	26,544	-	-
Refundable taxes receivable	204,290	151,683	322,018
Prepaid fees	16,298	16,288	-
	\$ 1,077,296	\$ 1,335,352	\$ 2,712,475
Liabilities			
Accrued liabilities	\$ 10,432	\$ 18,894	\$ 5,874
Due to Manager	1,758	2,514	28,219
Payable to other corporate series (note 4)	204,290	160,922	322,018
	\$ 216,480	\$ 182,330	\$ 356,111
Net assets attributable to holders of redeemable shares	\$ 860,816	\$ 1,153,022	\$ 2,356,364
Net assets attributable to holders of redeemable shares			
Series A-Rollover	\$ 857,983	\$ 1,150,661	\$ 2,352,980
Series A-Regular	\$ 2,833	\$ 2,361	\$ 3,384
Net assets attributable to holders of redeemable shares per share			
Series A-Rollover	\$ 0.29	\$ 0.35	\$ 0.50
Series A-Regular	\$ 0.38	\$ 0.45	\$ 0.64

Approved on behalf of the Board of Directors of Marquest Mutual Funds Inc.
the Manager of the Fund

"Gerry L. Brockelsby" (signed)

Gerald Brockelsby
Director
Marquest Asset Management Inc.

"Stephen J. Zamin" (signed)

Stephen Zamin
Director
Marquest Asset Management Inc.

See accompanying notes

Marquest Mutual Funds Inc. - Energy Series Fund

Statements of comprehensive income
As at December 31, 2014 (presented in CDN \$)

	2014	2013 (Note 11)
Income		
Dividends	\$ 14,543	\$ 21,031
Interest for distribution purposes	361	405
Other	8,340	-
Net realized gain (loss) on sale of investments, including foreign exchange gain (loss)	42,712	(975,532)
Net change in unrealized (depreciation) appreciation in value of investments	(178,376)	427,153
	(112,420)	(526,943)
Expenses (note 4)		
Management fees	26,241	33,329
Transaction costs (note 6)	11,188	23,023
Operating expenses	36,264	27,164
Audit fees	253	7,415
Custodian fees	1,312	1,467
Legal fees	7,296	11,329
Independent review committee fees	174	1,009
Total Expenses	82,728	104,736
Decrease in net assets attributable to holders of redeemable shares	\$ (195,148)	\$ (631,679)
Decrease in net assets attributable to holders of redeemable shares per series		
Series A-Rollover	\$ (194,409)	\$ (630,656)
Series A-Regular	\$ (739)	\$ (1,023)
Decrease in net assets attributable to holders of redeemable shares per share		
Series A-Rollover	\$ (0.06)	\$ (0.17)
Series A-Regular	\$ (0.11)	\$ (0.19)

See accompanying notes

Marquest Mutual Funds Inc. - Energy Series Fund

Statements of changes in net assets attributable to holders of redeemable shares
As at December 31, 2014 (presented in CDN \$)

	<u>Series A-Rollover</u>		<u>Series A-Regular</u>	
	2014	2013	2014	2013
Net assets attributable to holders of redeemable shares, January 1	\$ 1,150,661	\$ 2,352,980	\$ 2,361	\$ 3,384
Decrease in net assets attributable to holders of redeemable shares	(194,409)	(630,656)	(739)	(1,023)
Redeemable share transactions				
Proceeds from redeemable shares issued	397,056	518,384	4,036	-
Redemption of redeemable shares	(495,325)	(1,090,047)	(2,825)	-
Net redeemable share transactions	(98,269)	(571,663)	1,211	-
Net assets attributable to holders of redeemable shares, December 31	\$ 857,983	\$ 1,150,661	\$ 2,833	\$ 2,361

	<u>Total</u>	
	2014	2013
Net assets attributable to holders of redeemable shares, January 1	\$ 1,153,022	\$ 2,356,364
Decrease in net assets attributable to holders of redeemable shares	(195,148)	(631,679)
Redeemable share transactions		
Proceeds from redeemable shares issued	401,092	518,384
Redemption of redeemable shares	(498,150)	(1,090,047)
Net redeemable share transactions	(97,058)	(571,663)
Net assets attributable to holders of redeemable shares, December 31	\$ 860,816	\$ 1,153,022

See accompanying notes

Marquest Mutual Funds Inc. - Energy Series Fund

Statements of cash flow

As at December 31, 2014 (presented in CDN \$)

	2014	2013
Cash flows from operating activities		
Decrease in net assets attributable to holders of redeemable shares	\$ (195,148)	\$ (631,679)
Adjustments for:		
Net realized gain (loss) on sale of investments, including foreign exchange gain (loss)	(42,721)	975,532
Net change in unrealized (depreciation) appreciation in value of investments	178,376	(427,153)
Purchases of investments	(1,387,728)	(1,322,287)
Proceeds from sale and maturity of investments	1,729,377	1,983,517
Dividend receivable	2,534	(734)
Income taxes	(170,377)	170,335
Prepaid fees	(10)	(16,288)
Due to manager	(756)	(25,705)
Payable to other corporate series	161,138	(161,096)
Accrued liabilities	(8,462)	13,020
Net cash from operating activities	266,223	557,462
Cash flows used in financing activities		
Distributions paid to holders of redeemable shares, net of reinvested distributions	401,092	518,384
Proceeds from issuances of redeemable shares	(498,150)	(1,090,047)
Amounts paid on redemption of redeemable shares	(97,058)	(571,663)
Net cash used in financing activities	(97,058)	(571,663)
Net increase (decrease) in cash	169,165	(14,201)
Cash at beginning of period	184,383	198,584
Cash at end of period	\$ 353,548	\$ 184,383

See accompanying notes

Marquest Mutual Funds Inc. - Energy Series Fund

Schedule of Investment Portfolio
As at December 31, 2014

Number of Shares		Cost ***	Fair Value
	CANADIAN EQUITIES (55.3%)		
	Base Metals (0.0%)		
7,235,714	Atikwa Resources Inc. **	\$ 126,313	\$ -
	Precious Metals (0.0%)		
160,000	Dolly Silver Corp. **	40,000	-
	Financials (0.0%)		
3,000,000	Interquest Inc. **	90,000	-
	Utilities (5.6%)		
841	TransCanada Corp.	41,779	48,021
	Energy (49.7%)		
833,334	Birch Lake Energy Inc.	4,167	4,167
3,409	Canyon Services Group Inc.	58,429	30,647
4,474	DeeThree Exploration Ltd.	32,272	22,862
1,071	Enbridge Inc.	45,036	63,982
34,706	Fission Uranium Corp.	43,917	29,847
166,666	Golden Coast Energy Corp.	4,167	1,667
362	Keyera Corp.	32,272	29,347
2,749	Painted Pony Petroleum Ltd., Class 'A'	32,411	25,428
1,149	Pason Systems Inc.	32,765	25,152
4,460	RMP Energy Inc.	42,972	20,427
625	ShawCor Ltd.	25,838	26,500
10,208	Spartan Energy Corp.	43,690	28,480
937	Suncor Energy Inc.	43,280	34,575
6,098	Tamarack Valley Energy Ltd.	31,862	19,879
2,150,000	Trafina Energy Ltd. **	112,999	-
29,859	Traverse Energy Ltd.	41,504	24,783
5,533	Trinidad Drilling Ltd.	45,945	28,772
9,677	Yangarra Resources Ltd.	34,259	11,322
		<u>707,785</u>	<u>427,837</u>
	TOTAL CANADIAN EQUITIES	<u>1,005,877</u>	<u>475,858</u>
	Total cost and fair value of investments(55.3%)	<u>1,005,877</u>	<u>475,858</u>
	Transaction costs (note 7)	<u>(2,449)</u>	<u>-</u>
	Total investments	<u>1,003,428</u>	<u>475,858</u>
	Cash and Cash Equivalents (41.1%)	<u>353,548</u>	<u>353,548</u>
	Other assets (net) (3.6%)	<u>31,410</u>	<u>31,410</u>
	Total net assets	<u>\$ 1,388,386</u>	<u>\$ 860,816</u>

* Security restricted from trading as at December 31, 2014

** Security not publicly traded as at December 31, 2014

*** Average cost includes transaction costs.

See accompanying notes.

Marquest Mutual Funds Inc. - Canadian Flex™ Series Fund

Statements of financial position (presented in CDN \$)

As at

	December 31, 2014	December 31, 2013 (Note 11)	January 1, 2013 (Note 11)
Assets			
Current Assets			
Investments	\$ 903,297	\$ 1,332,915	\$ 1,469,173
Cash	111,058	116,314	276,070
Dividend receivable	1,791	2,950	4,845
Prepaid fees	16,299	16,288	-
	\$ 1,032,445	\$ 1,468,467	\$ 1,750,088
Liabilities			
Accrued liabilities	\$ 11,871	\$ 13,550	\$ 5,787
Due to Manager	1,856	2,489	26,406
Payable to other corporate series (note 4)	-	8,227	-
Payable for redeemable shares redeemed	-	9,612	-
	\$ 13,727	\$ 33,878	\$ 32,193
Net assets attributable to holders of redeemable shares	\$ 1,018,718	\$ 1,434,589	\$ 1,717,895
Net assets attributable to holders of redeemable shares			
Series A-Regular	\$ 878,162	\$ 1,228,496	\$ 1,521,202
Series Low load DSC	\$ 33,708	\$ 51,070	\$ 90,639
Series F	\$ 4,750	\$ 47,975	\$ 13,372
Series I	\$ 102,098	\$ 107,048	\$ 92,682
Net assets attributable to holders of redeemable shares per share			
Series A-Regular	\$ 8.04	\$ 8.62	\$ 7.64
Series Low load DSC	\$ 8.39	\$ 8.94	\$ 7.87
Series F	\$ 8.09	\$ 8.57	\$ 7.51
Series I	\$ 9.26	\$ 9.71	\$ 8.41

Approved on behalf of the Board of Directors of Marquest Mutual Funds Inc.
the Manager of the Fund

"Gerry L. Brockelsby" (signed)

Gerald Brockelsby
Director
Marquest Asset Management Inc.

"Stephen J. Zamin" (signed)

Stephen Zamin
Director
Marquest Asset Management Inc.

See accompanying notes

Marquest Mutual Funds Inc. - Canadian Flex™ Series Fund

Statements of comprehensive income (presented in CDN \$)
For the years ended December 31,

	2014	2013
		(Note 11)
Income		
Dividends	\$ 17,915	\$ 37,914
Interest for distribution purposes	69	360
Other	3,166	-
Net realized gain on sale of investments, including foreign exchange gain	190,273	24,463
Net change in unrealized (depreciation) appreciation in value of investments	(171,167)	227,883
	40,256	290,620
Expenses (note 4)		
Management fees	24,976	32,698
Withholding taxes	14	-
Transaction costs (note 6)	18,985	30,404
Operating expenses	44,725	26,846
Audit fees	1,566	7,512
Custodian fees	1,035	1,314
Legal fees	9,782	6,432
Independent review committee fees	182	1,162
Other	5	-
Total Expenses	101,270	106,368
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ (61,014)	\$ 184,252
Increase (decrease) in net assets attributable to holders of redeemable shares per series		
Series A-Regular	\$ (54,913)	\$ 157,521
Series Low load DSC	\$ (2,489)	\$ 7,916
Series F	\$ 1,338	\$ 4,449
Series I	\$ (4,950)	\$ 14,366
Increase (decrease) in net assets attributable to holders of redeemable shares per share		
Series A-Regular	\$ (0.45)	\$ 0.91
Series Low load DSC	\$ (0.58)	\$ 0.85
Series F	\$ 0.55	\$ 1.63
Series I	\$ (0.45)	\$ 1.30

See accompanying notes

Marquest Mutual Funds Inc. - Canadian Flex™ Series Fund

Statements of changes in net assets attributable to holders of redeemable shares (presented in CDN \$)
For the years ended December 31,

	Series A		Series F	
	2014	2013	2014	2013
Net assets attributable to holders of redeemable shares, January 1	\$ 1,228,496	\$ 1,521,202	\$ 47,975	\$ 13,372
Increase (decrease) in net assets attributable to holders of redeemable shares	(54,913)	157,521	1,338	4,449
Redeemable share transactions				
Proceeds from redeemable shares issued	7,800	33,161		69,392
Redemption of redeemable shares	(303,221)	(483,388)	(44,563)	(39,238)
Net redeemable share transactions	(295,421)	(450,227)	(44,563)	30,154
Net assets attributable to holders of redeemable shares, December 31	\$ 878,162	\$ 1,228,496	\$ 4,750	\$ 47,975

	Series Low Load DSC		Series I	
	2014	2013	2014	2013
Net assets attributable to holders of redeemable shares, January 1	\$ 51,070	\$ 90,639	\$ 107,048	\$ 92,682
Increase (decrease) in net assets attributable to holders of redeemable shares	(2,489)	7,916	(4,950)	14,366
Redeemable share transactions				
Redemption of redeemable shares	(14,873)	(47,485)	-	-
Net redeemable share transactions	(14,873)	(47,485)	-	-
Net assets attributable to holders of redeemable shares, December 31	\$ 33,708	\$ 51,070	\$ 102,098	\$ 107,048

	Total	
	2014	2013
Net assets attributable to holders of redeemable shares, January 1	\$ 1,434,589	\$ 1,717,895
Increase (decrease) in net assets attributable to holders of redeemable shares	(61,014)	184,252
Redeemable share transactions		
Proceeds from redeemable shares issued	7,800	102,553
Redemption of redeemable shares	(362,657)	(570,111)
Net redeemable share transactions	(354,857)	(467,558)
Net assets attributable to holders of redeemable shares, December 31	\$ 1,018,718	\$ 1,434,589

See accompanying notes

Marquest Mutual Funds Inc. - Canadian Flex™ Series Fund

Statements of cash flow (presented in CDN \$)
For the years ended December 31,

	2014	2013
Cash flows from operating activities		
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ (61,014)	\$ 184,252
Adjustments for:		
Net realized gain on sale of investments, including foreign exchange gain	(190,270)	(24,463)
Net change in unrealized (depreciation) appreciation in value of investments	171,167	(227,883)
Purchases of investments	(2,767,515)	(3,391,654)
Proceeds from sale and maturity of investments	3,216,235	3,778,933
Dividend receivable	1,159	1,895
Prepaid fees	(11)	(16,288)
Due to manager	(633)	(23,917)
Payable to other corporate series	(8,227)	8,227
Accrued liabilities	(1,679)	7,763
Net cash from operating activities	359,212	296,865
Cash flows used in financing activities		
Proceeds from issuances of redeemable shares	7,800	102,553
Amounts paid on redemption of redeemable shares	(372,268)	(560,499)
Net cash used in financing activities	(364,468)	(457,946)
Foreign exchange loss (gain) on cash	-	1,325
Net increase (decrease) in cash	(5,256)	(159,756)
Cash at beginning of period	116,314	276,070
Cash at end of period	\$ 111,058	\$ 116,314

Marquest Mutual Funds Inc. - Canadian Flex™ Series Fund

Schedule of Investment Portfolio
As at December 31, 2014

Number of Shares	Expiry Date	Strike Price	Cost	Fair Value
CANADIAN EQUITIES (80.1%)				
Consumer Discretionary (13.9%)				
1,913	AGT Food and Ingredients Inc.	\$	34,916	\$ 52,684
1,813	Aimia Inc.		27,871	26,488
350	AutoCanada		19,816	15,575
177	Canadian Tire Corp. Ltd., Class 'A'		21,942	21,725
380	Gildan Activewear Inc.		23,421	24,966
			<u>127,966</u>	<u>141,438</u>
Industrials (31.5%)				
4,710	Air Canada		40,586	55,908
2,910	Airboss of America Corp.		22,010	35,560
444	Badger Daylighting Ltd.		16,530	11,744
1,877	CAE Inc.		28,177	28,305
3,784	Conifex Timber Inc.		29,723	24,369
2,285	Martinrea International Inc.		28,435	23,695
1,293	Newalta Corp.		28,838	22,809
1,000	Stella-Jones Inc.		29,238	32,740
1,100	Transforce Inc.		30,641	32,549
990	Uni-Select Inc.		28,149	30,294
700	Westjet Airlines Ltd.		21,060	23,352
			<u>303,387</u>	<u>321,325</u>
Information Technology (14.5%)				
12,564	Acuityads Inc.		19,977	7,790
1,289	Amaya Gaming Group Inc.		27,462	36,801
9,300	Espial Group Inc.		24,684	15,903
9,500	Sandvine Corp.		27,835	31,065
29,700	Slyce Inc.		22,126	26,433
18,595	Urthecast Corp.		22,895	29,566
			<u>144,979</u>	<u>147,558</u>
Consumer Staples (2.3%)				
377	Loblaw Cos. Ltd.		22,253	23,438
Financials (6.3%)				
565	Home Capital Group Inc.		26,889	27,114
14,120	Vogogo Inc.		17,811	37,277
			<u>44,700</u>	<u>64,391</u>
Energy (5.8%)				
712	Canyon Services		12,641	6,401
420	Canadian Solar Inc.		18,744	11,786
8,870	CWC Energy Services Corp.		9,491	3,814
22,000	Nexgen Energy Ltd., Warrants	March 26, 2016	\$0.65	-
1,600	Parkland Fuel Corp.		34,225	34,784
			<u>75,101</u>	<u>58,655</u>

Marquest Mutual Funds Inc. - Canadian Flex™ Series Fund

Schedule of Investment Portfolio
As at December 31, 2014

Number of Shares	Expiry Date	Strike Price	Average Cost ***	Fair Value
CANADIAN EQUITIES (cont'd) (80.1%)				
Health Care (2.9%)				
15,390	Prometic Life Sciences Inc.	\$	29,241	\$ 29,395
Telecommunication Services (2.9%)				
547	BCE Inc.		27,788	29,144
TOTAL CANADIAN EQUITIES			775,415	815,344
FOREIGN EQUITIES (8.6%)				
Consumer Discretionary (5.4%)				
1,800	Performance Sports Group Ltd.		31,824	38,052
140	Alibaba Group Holdings		16,736	16,881
			48,560	54,933
Financials (3.2%)				
1,591	Bank of America Corp.		29,712	33,020
TOTAL FOREIGN EQUITIES			78,272	87,953
Total cost and fair value of investments (88.7%)			853,687	903,297
Transaction costs (note 7)			(2,569)	-
Total investments			851,118	903,297
Cash & Cash Equivalents (10.9%)			111,058	111,058
Other assets (net) (0.4%)			4,363	4,363
Total net assets			\$ 966,539	\$ 1,018,718

*** Average cost includes transaction costs.
See accompanying notes.

Marquest Mutual Funds Inc. - Resource Flex™ Series Fund

Statements of financial position (presented in CDN \$)
As at

	December 31, 2014	December 31, 2013 (Note 11)	January 1, 2013 (Note 11)
Assets			
Current Assets			
Investments	\$ 239,530	\$ 486,541	\$ 772,006
Cash	46,020	144,255	178,664
Dividend receivable	442	2,063	1,527
Receivable for investment securities sold	30,067	-	-
Prepaid fees	16,298	16,288	-
	\$ 332,357	\$ 649,147	\$ 952,197
Liabilities			
Accrued liabilities	\$ 6,847	\$ 9,201	\$ 5,732
Due to Manager	678	971	20,623
Payable to other corporate series (note 4)	-	11,124	-
	\$ 7,525	\$ 21,296	\$ 26,355
Net assets attributable to holders of redeemable shares	\$ 324,832	\$ 627,851	\$ 925,842
Net assets attributable to holders of redeemable shares			
Series A - Regular	\$ 324,424	\$ 500,765	\$ 806,490
Series Low load DSC	\$ -	\$ -	\$ 1,184
Series F	\$ 408	\$ 550	\$ 515
Series I	\$ -	\$ 126,536	\$ 117,653
Net assets attributable to holders of redeemable shares per share			
Series A - Regular	\$ 3.92	\$ 5.39	\$ 5.13
Series Low load DSC	\$ -	\$ -	\$ 5.34
Series F	\$ 4.08	\$ 5.50	\$ 5.15
Series I	\$ -	\$ 5.93	\$ 5.52

Approved on behalf of the Board of Directors of Marquest Mutual Funds Inc.
the Manager of the Fund

"Gerry L. Brockelsby" (signed)

Gerald Brockelsby
Director
Marquest Asset Management Inc.

"Stephen J. Zamin" (signed)

Stephen Zamin
Director
Marquest Asset Management Inc.

See accompanying notes

Marquest Mutual Funds Inc. - Resource Flex™ Series Fund

Statements of comprehensive income (presented in CDN \$)
For the years ended December 31,

	2014	2013 (Note 11)
Income		
Dividends	\$ 9,590	\$ 14,460
Interest for distribution purposes	195	276
Other	6,969	64
Net realized (loss) gain on sale of investments, including foreign exchange (loss) gain	(13,012)	6,464
Net change in unrealized (depreciation) appreciation in value of investments	(122,483)	69,590
	(118,741)	90,854
Expenses (note 4)		
Management fees	11,260	14,494
Transaction costs (note 6)	3,399	6,246
Operating expenses	24,378	13,641
Audit fees	(2,484)	7,489
Custodian fees	528	647
Legal fees	7,000	3,339
Independent review committee fees	93	535
Total Expenses	44,174	46,391
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ (162,915)	\$ 44,463
Increase (decrease) in net assets attributable to holders of redeemable shares per series		
Series A - Regular	\$ (131,859)	\$ 35,502
Series Low load DSC	\$ -	\$ 43
Series F	\$ (142)	\$ 35
Series I	\$ (30,914)	\$ 8,883
Increase (decrease) in net assets attributable to holders of redeemable shares per share		
Series A - Regular	\$ (1.42)	\$ 0.30
Series Low load DSC	\$ -	\$ 0.19
Series F	\$ (1.42)	\$ 0.35
Series I	\$ (1.44)	\$ 0.42

See accompanying notes

Marquest Mutual Funds Inc. - Resource Flex™ Series Fund

Statements of changes in net assets attributable to holders of redeemable shares (presented in CDN \$)
For the years ended December 31,

	<u>Series A</u>		<u>Series F</u>	
	2014	2013	2014	2013
		note 11		note 11
Net assets attributable to holders of redeemable shares, January 1	\$ 500,765	\$ 806,490	\$ 550	\$ 515
Increase (decrease) in net assets attributable to holders of redeemable shares	(131,859)	35,502	(142)	35
Redeemable share transactions				
Proceeds from redeemable shares issued	128,183	62,284	-	-
Redemption of redeemable shares	(172,665)	(403,511)	-	-
Net redeemable share transactions	(44,482)	(341,227)	-	-
Net assets attributable to holders of redeemable shares, December 31	\$ 324,424	\$ 500,765	\$ 408	\$ 550

	<u>Series Low Load DSC</u>		<u>Series I</u>	
	2014	2013	2014	2013
		(note 11)		(note 11)
Net assets attributable to holders of redeemable shares, January 1	\$ -	\$ 1,184	\$ 126,536	\$ 117,653
Increase (decrease) in net assets attributable to holders of redeemable shares	-	43	(30,914)	8,883
Redeemable share transactions				
Proceeds from redeemable shares issued	-	-	-	-
Redemption of redeemable shares	-	(1,227)	(95,622)	-
Net redeemable share transactions	-	(1,227)	(95,622)	-
Net assets attributable to holders of redeemable shares, December 31	\$ -	\$ -	\$ -	\$ 126,536

	<u>Total</u>	
	2014	2013
		(note 11)
Net assets attributable to holders of redeemable shares, January 1	\$ 627,851	\$ 925,842
Increase (decrease) in net assets attributable to holders of redeemable shares	(162,915)	44,463
Redeemable share transactions		
Proceeds from redeemable shares issued	128,183	62,284
Redemption of redeemable shares	(268,287)	(404,738)
Net redeemable share transactions	(140,104)	(342,454)
Net assets attributable to holders of redeemable shares, December 31	\$ 324,832	\$ 627,851

See accompanying notes

Marquest Mutual Funds Inc. - Resource Flex™ Series Fund

Statements of cash flow (presented in CDN \$)

For the years ended December 31,

	2014	2013
Cash flows from operating activities		
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ (162,915)	\$ 44,463
Adjustments for:		
Net realized (loss) gain on sale of investments, including foreign exchange (loss) gain	13,012	(6,464)
Net change in unrealized (depreciation) appreciation in value of investments	122,483	(69,590)
Purchases of investments	(543,868)	(357,036)
Proceeds from sale and maturity of investments	625,317	718,555
Dividend receivable	1,621	(536)
Prepaid fees	(10)	(16,288)
Due to manager	(293)	(19,652)
Payable to other corporate series	(11,124)	11,124
Accrued liabilities	(2,354)	3,469
Net cash from operating activities	41,869	308,045
Cash flows used in financing activities		
Proceeds from issuances of redeemable shares	128,183	62,284
Amounts paid on redemption of redeemable shares	(268,287)	(404,738)
Net cash used in financing activities	(140,104)	(342,454)
Net increase (decrease) in cash	(98,235)	(34,409)
Cash at beginning of period	144,255	178,664
Cash at end of period	\$ 46,020	\$ 144,255

See accompanying notes

Marquest Mutual Funds Inc. - Resource Flex™ Series Fund

Schedule of Investment Portfolio
As at December 31, 2014

Number of Shares		Cost ***	Fair Value
CANADIAN EQUITIES (73.7%)			
Energy (73.7%)			
1,714	Canyon Services Group Inc.	\$ 29,421	\$ 15,409
2,367	DeeThree Exploration Ltd.	17,074	12,095
319	Enbridge Inc.	13,414	19,057
13,408	Fission Uranium Corp.	18,771	11,531
192	Keyera Corp.	17,117	15,565
1,454	Painted Pony Petroleum Ltd., Class 'A'	17,143	13,450
740	Parkland Fuel Corp.	13,068	16,088
608	Pason Systems Inc.	17,338	13,309
2,294	RMP Energy Inc.	22,103	10,507
335	ShawCor Ltd.	13,849	14,204
5,224	Spartan Energy Corp.	22,359	14,575
420	Suncor Energy Inc.	14,235	15,498
3,096	Tamarack Valley Energy Ltd.	16,177	10,093
292	TransCanada Corp.	14,506	16,673
15,358	Traverse Energy Ltd.	21,348	12,747
3,895	Trinidad Drilling Ltd.	28,066	20,254
7,244	Yangarra Resources Ltd.	25,644	8,475
		321,633	239,530
TOTAL CANADIAN EQUITIES		321,633	239,530
Total cost and fair value of investments (73.7%)		321,633	239,530
Transaction costs (note 7)		(1,058)	-
Total investments		320,575	239,530
Cash & Cash Equivalents (14.2%)		46,020	46,020
Other assets (net) (12.1%)		39,282	39,282
Total net assets		\$ 405,877	\$ 324,832

*** Average cost includes transaction costs.
See accompanying notes.

Marquest Mutual Funds Inc. - Flex Dividend and Income Growth™ Series Fund

Statements of financial position (presented in CDN \$)

As at

	December 31, 2014	December 31, 2013 (Note 11)	January 1, 2013 (Note 11)
Assets			
Current Assets			
Investments	8,090,251 \$	9,058,651 \$	9,305,622
Cash	1,638,603	737,600	1,891,341
Dividend receivable	23,842	31,713	49,790
Prepaid fees	16,298	16,288	-
Receivable for investment securities sold	-	74,469	-
Receivable from other corporate series (note 4)	-	43,461	-
	\$ 9,768,994	\$ 9,962,182	\$ 11,246,753
Liabilities			
Accrued liabilities	79,278 \$	60,972 \$	6,603
Due to Manager	17,260	16,851	76,891
Liabilities for call options	-	-	45
Payable for redeemable shares redeemed	23,099	-	-
Payable for investment securities purchased	-	67,718	-
	\$ 119,637	\$ 145,541	\$ 83,539
Net assets attributable to holders of redeemable shares	\$ 9,649,357	\$ 9,816,641	\$ 11,163,214
Increase in net assets attributable to holders of redeemable shares per class			
Series A-Regular	\$ 7,200,251	\$ 7,595,146	\$ 10,896,849
Series F	\$ 2,371,154	\$ 2,144,024	\$ 183,549
Series I	\$ 77,952	\$ 77,471	\$ 82,816
Net assets attributable to holders of redeemable shares per share			
Series A-Regular	13.85 \$	14.08 \$	12.82
Series F	12.83 \$	12.89 \$	11.61
Series I	15.59 \$	15.49 \$	13.80

Approved on behalf of the Board of Directors of Marquest Mutual Funds Inc.
the Manager of the Fund

"Gerry L. Brockelsby" (signed)

Gerald Brockelsby
Director
Marquest Asset Management Inc.

"Stephen J. Zamin" (signed)

Stephen Zamin
Director
Marquest Asset Management Inc.

See accompanying notes

Marquest Mutual Funds Inc. - Flex Dividend and Income Growth™ Series Fund

Statements of comprehensive income (presented in CDN \$)
For the years ended December 31,

	2014	2013
		(Note 11)
Income		
Dividends	\$ 293,312	\$ 384,167
Interest for distribution purposes	1,682	2,733
Other	1,473	3,929
Net realized gain on sale of investments, including foreign exchange gain	1,280,645	363,132
Net change in unrealized (depreciation) appreciation in value of investments	(1,027,949)	761,782
	549,163	1,515,743
Expenses (note 4)		
Management fees	207,090	212,665
Withholding taxes	355	-
Transaction costs (note 6)	58,392	120,799
Operating expenses	326,922	160,502
Audit fees	45,270	7,615
Custodian fees	8,830	8,468
Legal fees	38,887	41,023
Independent review committee fees	1,528	7,518
Total expenses	687,274	558,590
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ (138,111)	\$ 957,153
Increase (decrease) in net assets attributable to holders of redeemable shares per series		
Series A	\$ (107,118)	\$ 791,641
Series F	\$ (31,474)	\$ 156,389
Series I	\$ 481	\$ 9,123
Increase (decrease) in net assets attributable to holders of redeemable shares per share		
Series A	\$ (0.20)	\$ 1.04
Series F	\$ (0.18)	\$ 1.88
Series I	\$ 0.10	\$ 1.59

See accompanying notes

Marquest Mutual Funds Inc. - Flex Dividend and Income Growth™ Series Fund

Statements of changes in net assets attributable to holders of redeemable shares (presented in CDN \$)
For the years ended December 31,

	<u>Series A</u>		<u>Series F</u>	
	2014	2013	2014	2013
Net assets attributable to holders of redeemable shares, January 1	\$ 7,595,146	\$ 10,896,849	\$ 2,144,024	\$ 183,549
Increase (decrease) in net assets attributable to holders of redeemable shares	(107,118)	791,641	(31,474)	156,389
Redeemable share transactions				
Proceeds from redeemable shares issued	1,860,646	684,652	336,267	1,817,086
Redemption of redeemable shares	(2,148,423)	(4,777,996)	(77,663)	(13,000)
Net redeemable share transactions	(287,777)	(4,093,344)	258,604	1,804,086
Net assets attributable to holders of redeemable shares, December 31	\$ 7,200,251	\$ 7,595,146	\$ 2,371,154	\$ 2,144,024

	<u>Series I</u>		<u>Total</u>	
	2014	2013	2014	2013
Net assets attributable to holders of redeemable shares, January 1	\$ 77,471	\$ 82,816	\$ 9,816,641	\$ 11,163,214
Increase (decrease) in net assets attributable to holders of redeemable shares	481	9,123	(138,111)	957,153
Redeemable share transactions				
Proceeds from redeemable shares issued	-	-	2,196,913	2,501,738
Redemption of redeemable shares	-	(14,468)	(2,226,086)	(4,805,464)
Net redeemable share transactions	-	(14,468)	(29,173)	(2,303,726)
Net assets attributable to holders of redeemable shares, December 31	\$ 77,952	\$ 77,471	\$ 9,649,357	\$ 9,816,641

See accompanying notes

Marquest Mutual Funds Inc. - Flex Dividend and Income Growth™ Series Fund

Statements of cash flow (presented in CDN \$)
For the years ended December 31,

	2014	2013
Cash flows from operating activities		
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ (138,111)	\$ 957,153
Adjustments for:		
Net realized gain on sale of investments, including foreign exchange gain	(1,280,645)	(363,132)
Net change in unrealized (depreciation) appreciation in value of investments	1,027,949	(761,782)
Purchases of investments	(15,516,270)	(16,851,245)
Proceeds from sale and maturity of investments	16,744,117	18,216,379
Dividend receivable	7,871	18,077
Receivable from other corporate series	43,461	(43,461)
Prepaid fees	(10)	(16,288)
Due to manager	409	(60,040)
Accrued liabilities	18,306	54,369
Liabilities for call options	-	(45)
Net cash from operating activities	907,077	1,149,985
Cash flows used in financing activities		
Proceeds from issuances of redeemable shares	2,196,913	2,501,738
Amounts paid on redemption of redeemable shares	(2,202,987)	(4,805,464)
Net cash used in financing activities	(6,074)	(2,303,726)
Net increase (decrease) in cash	901,003	(1,153,741)
Cash at beginning of period	737,600	1,891,341
Cash at end of period	\$ 1,638,603	\$ 737,600

See accompanying notes

Marquest Mutual Funds Inc. - Flex Dividend and Income Growth™ Series Fund

Schedule of Investment Portfolio
As at December 31, 2014

Number of Shares		Cost ***	Fair Value
CANADIAN EQUITIES (77.7%)			
Energy (9.6%)			
7,687	Cameco Corp.	\$ 182,394	\$ 146,437
78,428	CWC Energy Services Corp.	83,920	33,724
6,644	Canyon Services Group Inc.	117,704	59,730
15,800	Parkland Fuel Corp.	320,278	343,492
4,000	Vermilion Energy Inc.	265,200	228,000
18,680	Western Energy Services Corp.	203,240	112,267
		<u>1,172,736</u>	<u>923,650</u>
Base Metals (1.9%)			
68,535	Western Forest Products Inc.	155,574	185,043
Industrial (24.2%)			
31,419	AirBoss of America Corp.	237,640	383,940
4,735	Badger Daylighting Ltd.	176,821	125,241
13,687	CAE Inc.	205,467	206,400
21,980	Martinrea International Inc.	273,521	227,933
12,076	Newalta Corp.	269,331	213,021
7,520	Stella-Jones Inc.	230,539	246,205
10,270	TransForce Inc.	286,080	303,889
9,413	Uni-Select Inc.	280,533	288,038
10300	WestJet Airlines Ltd.	309,890	343,608
		<u>2,269,822</u>	<u>2,338,275</u>
Consumer Discretionary (16.1%)			
12,855	AGT Food and Ingredients Inc.	234,597	354,027
17,230	Aimia Inc.	264,877	251,730
6,500	AutoCanada Inc.	368,071	289,250
2,553	Canadian Tire Corp. Ltd., Class 'A'	316,492	313,355
3,520	Gildan Activewear Inc.	216,956	231,264
7,500	Liquor Stores NA Ltd.	109,875	115,500
		<u>1,510,868</u>	<u>1,555,126</u>
Financials (10.8%)			
7,994	CI Financial Corp.	281,609	258,126
150,000	Edgefront REIT	300,000	280,500
4,445	Home Capital Group Inc.	211,546	213,316
3,527	Royal Bank of Canada	183,532	283,006
		<u>976,687</u>	<u>1,034,948</u>
Consumer Staples (6.1%)			
7,550	Alimentation Couche-Tard Inc., Class 'B'	222,147	367,610
3,576	Loblaw Cos. Ltd.	211,082	222,320
		<u>433,229</u>	<u>589,930</u>
Information Technology (1.3%)			
109	Amaya Inc. Preferred shares	109,700	129,675
Telecommunication Services (2.9%)			
5,257	BCE Inc.	267,055	280,093
Utilities (4.8%)			
17,932	Boralex Inc., Class 'A'	248,922	230,426
19,675	Superior Plus Corp.	238,337	235,903
		<u>487,259</u>	<u>466,329</u>
	TOTAL CANADIAN EQUITIES	<u>7,382,930</u>	<u>7,503,069</u>
US EQUITIES (6.1%)			
Energy (2.9%)			
4,920	Valero Energy Corp.	252,177	282,531
		<u>252,177</u>	<u>282,531</u>
Financials (3.2%)			
14,679	Bank of America Corp.	274,129	304,651
		<u>274,129</u>	<u>304,651</u>
	TOTAL UNITED STATES EQUITIES	<u>526,306</u>	<u>587,182</u>
	Total cost and fair value of investments (83.8%)	7,909,236	8,090,251
	Transaction costs (note 7)	(15,911)	-
	Total investments	<u>7,893,325</u>	<u>8,090,251</u>
	Cash and Cash Equivalents (17.0%)	1,638,603	1,638,603
	Other assets (net) (-0.8%)	(79,497)	(79,497)
	Total net assets	<u>\$ 9,452,431</u>	<u>\$ 9,649,357</u>

*** Average cost includes transaction costs.
See accompanying notes.

Marquest Mutual Funds Inc.

Notes to Financial Statement
For the years ended December 31, 2014 and 2013
Presented in CDN \$

1. THE FUNDS

Marquest Mutual Funds Inc. (the "Corporation"), was incorporated by articles of incorporation, under the laws of Ontario on September 24, 2004. In addition to ten common shares issued upon incorporation, the Corporation has five series of mutual fund shares. The Funds are referred to individually as a "Fund" and collectively as the "Funds". The Funds' registered office is 161 Bay Street, Suite 4420, P.O. Box 204, Toronto, Ontario M5J 2S1. The Funds invest in equity securities of Canadian, U.S. and International companies, Canadian, U.S. and International fixed incomes, Canadian short-term government debt securities as well as derivatives. Most of the Funds' investments are listed and traded on stock exchange markets in Canada and the U.S. although the Funds also invests in private equity securities.

Marquest Asset Management Inc. is the manager (the "Manager") and trustee of the Fund. The Funds' investment activities and administrator are managed by the Manager. The Funds' custodian is RBC Investor and Treasury Services.

The Funds' commencement dates of operations are as follows:

Name of Fund	Series A-Rollover	Series A-Regular	Series F	Series Low load	Series I
Explorer Series Fund	31-Jan-05	05-Sep-08	24-Mar-08	-	-
Energy Series Fund	01-May-06	09-Sep-10	-	-	-
Canadian Flex™ Series Fund	-	24-Dec-07	06-Jan-08	24-Jun-08	22-Aug-07
Resource Flex™ Series Fund	-	11-Dec-07	05-Feb-08	20-Feb-08	22-Aug-07
Flex Dividend and Income Growth™ Series Fund	-	19-May-09	13-Nov-09	-	28-Oct-08

These financial statements were authorized for issue by the Manager on March 31, 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards board ("IASB"). The Funds adopted IFRS effective January 1, 2014 with a transition date of January 1, 2013 and had previously presented its financial statements in accordance with Canadian generally accepted accounting principles as defined in Part V of the CICA handbook. The Funds have consistently applied the same accounting policies in their opening IFRS statements of financial position at January 1, 2013 and throughout all periods presented, as if these policies have always been in effect. Note 11 discloses the impact of the transition to IFRS on the Funds' reported statements of financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Funds' financial statements for the year ended December 31, 2013.

(b) Significant accounting judgments, estimates and assumptions

The preparation of these financial statements requires the Fund Manager to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

The Funds hold financial instruments that are not quoted in active markets, including derivatives. Fair values may be determined using reputable pricing vendors (for derivatives) or indicate prices from market makers/brokers. Broker quotes as obtained from pricing sources may be indicative and not executable or binding. Securities not listed upon a recognized public stock exchange, or securities for which a last sale or closing price are unavailable or securities for which market quotations are, in the Manager's opinion, inaccurate, unreliable or not reflective of all available material information, are valued at their estimated fair value, determined by using appropriate and accepted industry valuation techniques including valuation models. The estimated fair value of a security determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's) and volatility. Changes in assumption about these factors could affect the reported fair value of financial instruments and the level where the instruments are disclosed in the fair value hierarchy. To assess the significance, the Funds perform sensitivity analysis of these estimates to the fair value of the fund holdings (see Note 10).

(c) Functional Currency

The Funds' subscriptions and redemptions are denominated in Canadian dollars (CAD), which is the functional and presentation currency of the Funds.

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing rate of exchange on each valuation date. Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions. Foreign exchange gains and losses on the sale of investments are included in "Net realized gain (loss) on sale of investments". Unrealized foreign exchange gains and losses are included in "Net change in unrealized appreciation (depreciation) in value of investments".

(d) Financial instruments

The Funds recognize a financial asset or a financial liability when they become a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Funds commit to purchase or sell the asset.

The Funds classify their financial assets and financial liabilities at initial recognition into the following categories, in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Marquest Mutual Funds Inc.

Notes to Financial Statement
For the years ended December 31, 2014 and 2013
Presented in CDN \$

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities at fair value through profit or loss

The category of financial assets and liabilities at fair value through the profit or loss is sub-divided into:

- Financial assets and liabilities held for trading: financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. These assets are acquired principally for the purpose of generating a profit from short-term fluctuations in price. All derivatives are classified as held for trading. The Fund's policy is not to apply hedge accounting.
- Financial instruments designated as at fair value through profit or loss upon initial recognition: these include the portfolio's investments. These financial assets and liabilities are designated upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Fund, as set out in the Fund's simplified prospectus.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date. In circumstances where the close price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value. All transaction costs for such instruments are recognised directly in profit or loss.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include discounted cash flow analysis and option pricing models, which consider factors such as the market value of the underlying security, strike price, volatility and terms of the warrants or options.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net change in unrealized (depreciation) appreciation in value of investments in the period in which they arise. Interest and dividend earned or paid on these instruments are recorded separately in interest revenue or expense and dividend revenue or expense.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables are measured at amortized cost. Transaction costs are included in the initial carrying amount of the asset.

Other financial liabilities

This category includes all financial liabilities, other than those classified at fair value through profit or loss. Financial liabilities classified as other financial liabilities are subsequently measured at amortized cost. Transaction costs are included in the initial carrying amount of the liability.

The Funds' financial instruments are as follows:

Investments	FVTPL
Cash	Loans and receivables
Dividends receivable	Loans and receivables
Receivable for investment securities sold	Loans and receivables
Receivable from other corporate classes	Loans and receivables
Accrued liabilities	Other financial liabilities
Payable for redeemable shares	Other financial liabilities
Payable for investment securities purchased	Other financial liabilities
Payable to other corporate class	Other financial liabilities
Due to Manager	Other financial liabilities
Liabilities for call options	Other financial liabilities

Marquest Mutual Funds Inc.

Notes to Financial Statement
For the years ended December 31, 2014 and 2013
Presented in CDN \$

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The breakdown into the three-level hierarchy is provided in Note 9.

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or the Funds has transferred substantially all risks and rewards of ownership. The Funds derecognize a financial liability when its contractual obligations are discharged or cancelled, or expire. On de-recognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognized in statement of comprehensive income.

A financial asset at amortized cost is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets is 'impaired' if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s) and that loss event(s) had an impact on the estimated future cash flows of that asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of the amount due on terms that the Fund would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, or adverse changes in the payment status of the borrowers.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

(e) Cash

Cash in the statements of financial position comprises cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as cash.

For the purpose of the statements of cash flows, cash consist of cash as defined above, net of outstanding bank overdrafts when applicable.

(f) Redeemable participating shares

Redeemable shares are redeemable at the shareholder's option and are classified as other financial liabilities. They are measured at the redeemable amount.

Net asset value per share of each series is calculated daily (unless such day is not a business day, in which case the last business day prior to such day is used) (each a "valuation day") by dividing the net asset value of each series by the outstanding shares of that series. The net asset value of each series is computed by calculating the fair value of the assets less liabilities of the series.

(g) Valuation of redeemable participating shares

The value at which shares are issued or redeemed is the Net Asset Value per share. Net asset value per share for each series is calculated at the end of each day on which the Funds' Manager is open for business ("valuation day") by dividing the net asset value ("Transactional NAV") of each series by its outstanding shares. The net asset value of each series is computed by calculating the value of the series' proportionate share of the Fund's assets less the series' proportionate share of the Fund's common liabilities and less series-specific liabilities. Expenses directly attributable to a series are charged to that series while common Fund expenses are allocated to each series in a reasonable manner as determined by the Manager. Other income and realized and unrealized gains and losses are allocated to each series of the Fund based on that series' pro rata share of total net asset value of that Fund. Amounts received on the issuance of shares and amounts paid on the redemption of shares are included on the statement of changes in net assets attributable to holders of redeemable shares.

(h) Increase in net assets attributable to holders of redeemable shares per share

Increase in net assets attributable to holders of redeemable shares from operations per share is based on the increase in net assets attributable to holders of redeemable shares from operations attributable to each series of the Fund divided by the weighted average number of shares of that series outstanding during the year.

(i) Investment income recognition

Dividend income

Dividend income is recognized in profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend.

Marquest Mutual Funds Inc.

Notes to Financial Statement
For the years ended December 31, 2014 and 2013
Presented in CDN \$

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest for distribution purposes

Interest for distribution purposes as disclosed in the statements of comprehensive income on debt securities at fair value through profit or loss is recognized on accrual basis and represents the coupon interest received accounted for on an accrual basis.

Distribution income from investment trusts

Distributions from income trusts, mutual funds and REIT's are recognized on the ex-distribution date and are recorded as income, capital gains or a return of capital, based on best information available to the Manager. Distributions from investment trusts that are treated as a return of capital for income tax purposes reduce the average cost of the underlying investment.

Distribution on redeemable shares

Distributions on redeemable shares are presented as expense within the statement of changes in net assets attributable to holders of redeemable shares.

Realized and unrealized gains and losses

Realized gains and losses on investments, and unrealized appreciation and depreciation on investments, are calculated on an average cost basis.

(j) Valuation of Investments

- I. Securities listed upon a recognized public stock exchange are valued at their close prices on the valuation date. In circumstances where the close prices are not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value. The close prices of securities that are subject to trading restrictions are discounted by 3%.
- II. Securities not listed upon a recognized public stock exchange, or securities for which a close price, last sale or closing price are unavailable or securities for which market quotations are, in the Manager's opinion, inaccurate, unreliable or not reflective of all available material information, are valued at their estimated fair value, determined by using appropriate and accepted industry valuation techniques including valuation models. The estimated fair value of a security determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In limited circumstances, the estimated fair value of a security may be determined using valuation techniques that are not supported by observable market data.
- III. Warrants which do not have a quoted close price are carried at the difference between the exercise price and the quoted close price of the underlying security if the exercise price is lower than the quoted close price.

(k) Investment Transactions

Investment transactions are accounted for on the date the order to buy or sell is executed. Realized gains or losses from investment transactions and unrealized appreciation or depreciation are calculated on an average cost basis.

(l) Distributions to Shareholders

Distributions are recorded by the Funds on the business day immediately following record date.

(m) Transaction Costs

Transaction costs are expensed and are included in "Transaction costs" in the Statements of Comprehensive Income. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers, and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

3. REDEEMABLE PARTICIPATING SHARES

The Funds are authorized to issue an unlimited number of shares as follows:

Name of Fund	Series Available
Explorer Series Fund	A-Rollover, A-Regular, F, I
Energy Series Fund	A-Rollover, A-Regular, F, I
Canadian Flex™ Series Fund	A-Regular, F, Low load DSC, I
Resource Flex™ Series Fund	A-Regular, F, Low load DSC, I
Flex Dividend and Income Growth™ Series Fund	A-Regular, F, Low load DSC, I

Marquest Mutual Funds Inc.

Notes to Financial Statement
For the years ended December 31, 2014 and 2013
Presented in CDN \$

3. REDEEMABLE PARTICIPATING SHARES (continued)

During the years ended December 31, 2013 and December 31, 2014, the following shares were issued (including transfers from other series) and redeemed (including transfers to other series):

December 31, 2014	Outstanding beginning of year	Shares issued	Shares redeemed	Outstanding end of year
Explorer Series Fund				
Series A-Rollover	19,984,646	33,852,113	(32,468,395)	21,368,364
Series A-Regular	32,115	1,332	(8,698)	24,749
Series F	2,950	-	-	2,950
Energy Series Fund				
Series A-Rollover	3,309,521	972,503	(1,300,115)	2,981,909
Series A-Regular	5,267	7,524	(5,267)	7,524
Canadian Flex™ Series Fund				
Series A	142,471	947	(34,141)	109,277
Series Low load DSC	5,711	-	(1,692)	4,019
Series F	5,595	-	(5,008)	587
Series I	11,023	-	-	11,023
Resource Flex™ Series Fund				
Series A	92,835	22,859	(32,831)	82,863
Series Low load DSC	-	-	-	-
Series F	100	-	-	100
Series I	21,331	-	(21,331)	-
Flex Dividend and Income Growth™ Series Fund				
Series A	539,535	127,880	(147,519)	519,896
Series F	166,301	24,522	(5,959)	184,864
Series I	5,000	-	-	5,000

December 31, 2013	Outstanding beginning of year	Shares issued	Shares redeemed	Outstanding end of year
Explorer Series Fund				
Series A-Rollover	19,845,614	16,950,280	(16,811,248)	19,984,646
Series A-Regular	18,347	19,877	(6,109)	32,115
Series F	592	35,280	(32,922)	2,950
Energy Series Fund				
Series A-Rollover	4,724,201	1,372,008	(2,786,688)	3,309,521
Series A-Regular	5,267	-	-	5,267
Canadian Flex™ Series Fund				
Series A	199,222	4,169	(60,920)	142,471
Series Low load DSC	11,513	-	(5,802)	5,711
Series F	1,781	8,657	(4,843)	5,595
Series I	11,023	-	-	11,023
Resource Flex™ Series Fund				
Series A	157,210	11,811	(76,186)	92,835
Series Low load DSC	222	-	(222)	-
Series F	100	-	-	100
Series I	21,331	-	-	21,331
Flex Dividend and Income Growth™ Series Fund				
Series A	849,931	52,127	(362,523)	539,535
Series F	15,804	151,581	(1,084)	166,301
Series I	6,000	-	(1,000)	5,000

Marquest Mutual Funds Inc.

Notes to Financial Statement
For the years ended December 31, 2014 and 2013
Presented in CDN \$

4. EXPENSES AND RELATED PARTY TRANSACTIONS

The following summarizes the annual management fee for the Funds paid per annum on average Net Asset Value:

	Series A/Rollover and Regular	Series Low load DSC	Series F	Series I
Explorer Series Fund	2.0%	n/a	1.0%	Negotiated
Energy Series Fund	2.0%	n/a	1.0%	Negotiated
Canadian Flex™ Series Fund	2.0%	1.5%	1.0%	Negotiated
Resource Flex™ Series Fund	2.0%	1.5%	1.0%	Negotiated
Flex Dividend and Income Growth™ Series Fund	2.0%	2.0%	1.0%	Negotiated

As the Manager and Trustee of the Funds, the Funds are dependent on Marquest Asset Management Inc. for administration and management of all matters relating to their operations.

The Funds bear all of their own expenses relating to their operation and the carrying on of their businesses. These items include legal and audit fees, interest, and administrative costs relating to the issue and redemption of shares as well as the cost of financial and other reports and compliance with all applicable laws, regulations and policies. Brokerage commissions paid on securities transactions are not considered to be part of total expenses.

The Manager has, at its discretion, agreed to absorb certain expenses associated with some of the Funds. The absorbed amounts are shown in the Statements of comprehensive income.

Amounts payable to and receivable from other corporate series are non-interest bearing and due on demand. These balances arose as a result of the Explorer Series Fund remitting the Corporation's aggregate taxes owing on behalf of the Energy Series Fund and itself. These transactions are measured at the exchange amounts, and occur within the normal course of business.

Included in the each of the Funds' expenses in the Statements of Comprehensive Income, is the corresponding component of sales tax. The Harmonized Sales Tax (HST) combines the GST rate of 5% with the provincial sales tax of certain provinces. Each Fund's HST rate is calculated using the proportionate investment holding by unitholder's provincial residency. HST rate are determined for expenses attributable to a Fund's individual class/series, were applicable.

5. TAXATION AND DISTRIBUTIONS

(a) Taxation of Open-End Mutual Fund Corporations

Under the Income Tax Act (Canada), the Corporation qualifies as a mutual fund corporation and computes its net income (loss) and net capital gains (losses) for income tax purposes as a single entity. A mutual fund corporation is subject to a special 33 1/3% tax on taxable dividends received from corporations resident in Canada and to tax at normal corporate rates on other income and net taxable realized capital gains for the year. The special 33 1/3% tax is refundable on payments of taxable dividends to shareholders at the rate of \$1 for each \$3 of such dividend paid. All the tax on net taxable realized capital gains is refundable when the gains are distributed to shareholders as capital gains dividends or through redemption of shares at the request of shareholders.

While the Corporation is taxed as a single legal entity, the individual mutual fund share series recognize, for accounting purposes, the impact of current and future taxes based on the net income (loss) and increase (decrease) in net assets from realized and unrealized gains (losses), respectively, of each series. The mutual fund share series offsets the future tax liability for refundable taxes payable with the refund expected upon payment of capital gains or ordinary dividends or upon redemption of shares. As a result, the future tax liability for refundable taxes payable is eliminated. The mutual fund share series with negative taxable income does not recognize a tax asset for unused tax losses as future utilization is not probable and a full valuation allowance has been recorded. Further, unused tax losses of one mutual fund share series may be used to offset taxable income of another series. Therefore, where a mutual fund share series has positive net taxable income, the current tax liability has been offset with the utilization of unused tax losses from other series to the extent possible. Any residual taxable income would be refundable upon payment of capital gains or ordinary dividends by the Corporation.

b) Losses Carried Forward

Certain Funds have accumulated net realized capital and non-capital losses. Non-capital losses may be carried forward to reduce future taxable income for up to twenty years. There are no non-capital losses carried forward.

Certain Funds holding foreign securities may be subject to withholding tax, which are the taxes imposed by certain foreign countries for the investment income received from these securities. Withholding taxes are accrued based on the accrual of the related foreign investment income and are included in "Withholding taxes" on the Statements of Comprehensive income and "Accrued liabilities" on the statements of Financial Position.

6. BROKERAGE COMMISSIONS ON SECURITIES TRANSACTIONS

No soft dollar services were included in the Transaction costs on the Statements of comprehensive income.

Marquest Mutual Funds Inc.

Notes to Financial Statement
For the years ended December 31, 2014 and 2013
Presented in CDN \$

7. FUND MERGERS

The acquisition method of accounting was adopted for the merger of mutual funds whereby the continuing fund is the acquiring fund and the terminated fund is the acquired fund. This identification was based on aspects of the continuing fund such as investment objectives and portfolio composition.

Effective as of the close of business, as set out below, the continuing funds acquired the portfolio assets of the corresponding terminated funds in exchange for shares in the continuing fund. The value of the shares of the continuing fund issued in connection with these mergers was equal to the fair value of the investments transferred from the respective terminated funds.

Terminating fund	Merger Date	Continuing fund	Series	Net Assets Acquired	Shares Issued	Exchange ratio
Marquest 2013 – I Mining SFT LP – National Class	02/14/2014	Explorer Series Fund	A-Rollover	(\$) 1,271,744.75	1,291,636	(\$) 7.2426
Marquest 2013 – I Mining SFT LP – Quebec Class	02/14/2014	Explorer Series Fund	A-Rollover	3,824,777	3,884,600	7.7241
Marquest Minng Quebec 2013 - I SFT LP	04/24/2014	Explorer Series Fund	A-Rollover	1,161,178	1,290,055	74.0560
Marquest Mineralfields 2012 SFT LP	04/24/2014	Explorer Series Fund	A-Rollover	7,797,303	8,662,707	44.7223
Marquest Mining 2013-I SFT LP	04/24/2014	Explorer Series Fund	A-Rollover	828,719	920,696	69.7497
Marquest Mineralfields B.C. 2012 SFT LP	04/24/2014	Explorer Series Fund	A-Rollover	1,162,448	1,291,466	48.0993
Marquest Mineralfields 2012-II SFT LP	04/24/2014	Explorer Series Fund	A-Rollover	407,408	452,626	51.7288
Marquest Minng B.C. 2013 SFT LP	05/23/2014	Explorer Series Fund	A-Rollover	1,255,060	1,451,944	75.2302
Marquest Energy Fields 2012 SFT LP	05/23/2014	Energy Series Fund	A-Rollover	390,747	957,479	97.2060
Marquest Mining 2013 - II SFT LP	10/24/2014	Explorer Series Fund	A-Rollover	2,691,684	4,103,802	88.3488
Marquest Mining Quebec 2013 - II SFT LP	10/24/2014	Explorer Series Fund	A-Rollover	6,887,128	10,500,272	102.0534

Terminating fund	Merger Date	Continuing fund	Series	Net Assets Acquired	Shares Issued	Exchange ratio
MineralFields B.C. 2011 SFTLP	1/31/13	Explorer Series Fund	A-Rollover	1,610,349	810,239	16.0285
MineralFields 2011-II SFTLP	4/01/13	Explorer Series Fund	A-Rollover	299,184	176,395	10.8218
Pathway Mining 2011 FTLP	4/30/13	Explorer Series Fund	A-Rollover	7,491,559	5,228,980	1.1683
MineralFields 2011 SFTLP	7/02/13	Explorer Series Fund	A-Rollover	2,334,476	2,069,938	12.4638
MineralFields 2011-V SFTLP	7/02/13	Explorer Series Fund	A-Rollover	1,290,713	1,144,452	11.9226
MineralFields 2011-VI SFTLP	9/24/13	Explorer Series Fund	A-Rollover	3,277,964	3,161,007	15.8050
EnergyFields 2011 SpFTLP	10/24/13	Energy Series Fund	A-Rollover	510,301	1,350,128	74.5515
Marquest Quebec 2012 SFTLP	11/08/13	Explorer Series Fund	A-Rollover	3,376,012	3,413,907	31.6103
Marquest MineralFields 2012-III SFTLP	12/16/13	Explorer Series Fund	A-Rollover	762,594	945,560	69.5264

As a result of the mergers, in accordance with the Income Tax Act (Canada), all unrealized losses and certain elected unrealized gains of the terminating funds' portfolios were realized on the merger date. The financial statements of the continuing funds do not include the operating results of the terminated funds prior to the merger date.

8. CAPITAL MANAGEMENT DISCLOSURES

Shares issued and outstanding represent the capital of the Funds. The Funds have no restrictions or specific capital requirements and are authorized to issue an unlimited number of redeemable, transferable shares of each Series available, as specified in the Funds' Simplified Prospectus. Restrictions and specific requirements on capital for each fund Series are only applicable for minimum subscriptions as outlined in the Simplified Prospectus. The Statements of changes in net assets attributable to holders of redeemable shares and note 3 outline the relevant changes in each of the Fund's shares for the year. In accordance with the Funds' investment objectives, portfolio management of the Funds' capital will encompass appropriate investing of subscriptions and the maintenance of sufficient liquidity levels for capital redemptions.

9. FINANCIAL INSTRUMENTS

(a) Fair Value

Financial instruments of the Funds include cash, dividend receivable, receivable for investment securities sold, receivable from other corporate classes, accrued liabilities, payable for redeemable shares, payable for investment securities purchased, payable to other corporate class, due to manager and liabilities for call options. There are no significant differences between the carrying values of these financial instruments and their fair values due to their short term nature. Investments are carried at their fair values as described in note 2.

In general financial instruments can be classified according to the 3 hierarchy levels.

Marquest Mutual Funds Inc.

Notes to Financial Statement
For the years ended December 31, 2014 and 2013
Presented in CDN \$

9. FINANCIAL INSTRUMENTS (continued)

The following tables present the Funds' financial instruments measured at fair value classified by the fair value hierarchy set out in IFRS 13 Fair value Measurements as of December 31, 2014, December 31, 2013 and January 1, 2013:

	Level 1	Level 2	Level 3	Total
December 31, 2014	\$	\$	\$	\$
Explorer Series Fund	6,748,820	2,431,132	339,429	9,519,381
Energy Series Fund	446,908	28,950	-	475,858
Canadian Flex™ Series Fund	901,427	1,870	-	903,297
Resource Flex™ Series Fund	226,783	12,747	-	239,530
Flex Dividend and Income Growth™ Series Fund	7,960,576	129,675	-	8,090,251

	Level 1	Level 2	Level 3	Total
December 31, 2013	\$	\$	\$	\$
Explorer Series Fund	12,114,686	751,521	841,025	13,707,232
Energy Series Fund	979,706	-	-	979,706
Canadian Flex™ Series Fund	1,332,915	-	-	1,332,915
Resource Flex™ Series Fund	486,541	-	-	486,541
Flex Dividend and Income Growth™ Series Fund	9,058,651	-	-	9,058,651

	Level 1	Level 2	Level 3	Total
January 1, 2013	\$	\$	\$	\$
Explorer Series Fund	29,598,084	706,618	3,438,905	33,743,607
Energy Series Fund	2,169,315	-	20,000	2,189,315
Canadian Flex™ Series Fund	1,469,173	-	-	1,469,173
Resource Flex™ Series Fund	772,006	-	-	772,006
Flex Dividend and Income Growth™ Series Fund	9,305,622	-	-	9,305,622

(a) Fair Value (continued)

Fair values are classified as Level 1 when the related securities or derivatives are actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair values requires the use of significant unobservable inputs, in which case it is classified as Level 3.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Fund, including Level 3 measurements. The Manager obtains pricing from a third party pricing vendor as applicable, which is monitored by the Chief Investment Officer and the Chief Compliance Officer each day. At each financial reporting date, the Chief Financial Officer (CFO) of the Manager reviews and approves all Level 3 fair value measurements.

Realized and unrealized gains and losses related to Level 3 securities are included in the statements of comprehensive income under "Net realized gain (loss) on the sale of investments including foreign exchange gain (loss)" and "net change in unrealized appreciation (depreciation) in value of investments" respectively. Transfers in and out of Level 3 are due to the changes in the observability of market data, such as a recent new transaction or due to the passage of time, respectively. The following tables summarize the changes in Level 3 securities for the years ended December 31, 2013 and December 31, 2014:

	Explorer Series Fund	Energy Series Fund
Total Level 3 value, January 1, 2013	\$ 3,438,905	\$ 20,000
Purchased	400,040	-
Transfers in	706,618	-
Sold	(337,500)	-
Change in unrealized appreciation (depreciation) in value	(3,367,038)	(20,000)
Total Level 3 value, December 31, 2013	841,025	-
Purchased	-	-
Transfers out	(501,596)	-
Sold	-	-
Change in unrealized appreciation (depreciation) in value	-	-
Total Level 3 value, December 31, 2014	339,429	-

Marquest Mutual Funds Inc.

Notes to Financial Statement
For the years ended December 31, 2014 and 2013
Presented in CDN \$

9. FINANCIAL INSTRUMENTS (continued)

Certain Funds hold Level 3 securities in which there is uncertainty in estimating the fair value stemming from current financial issues and lack of market quotations. Level 3 requires a significant unobservable data in its determination of fair value. The Explorer Series Fund holds private equity investments classified as level 3.

The Explorer Series Fund has investments in 2.7 million and 3.8 million common shares of Appia Energy Corp and Magpie Mines Inc., respectively. During the year ended December 31, 2013 the fair value of Appia Energy Corp. was based on the analysis and overall performance of the specific commodity index. During the year ended December 31, 2014 Appia Energy Corp. had its initial public offering and has been transferred to a level one classification.

The Manager estimates fair values for these securities using the best information available as at December 31, 2014, December 31, 2013 and January 1, 2013. The following tables outline the estimates of fair values as well as ranges of these fair values using alternative assumption that are reasonably possible. Impairment losses are reflected in the Funds' Statements of comprehensive in the "Net change in unrealized appreciation (depreciation) in value of investments".

Securities transferred to Level 3 are Level 2 securities that during the year ended December 31, 2014 were no longer traded on the public market.

Securities transferred from Level 1 to Level 2 was \$2,268,519 during the year ended December 31, 2014 and were related to securities that have either been suspended on the public market for under 12 months or that have trading frequencies so low that are not considered to be traded in an active market.

Fair Value of Holdings Based On Alternative Assumptions

December 31, 2014	Fair Value as Reported	Potential Range of Fair Value	
		+25%	-25%
Explorer Series Fund	339,429	-	-

Fair Value of Holdings Based On Alternative Assumptions

December 31, 2013	Fair Value as Reported	Potential Range of Fair Value	
		+25%	-25%
Explorer Series Fund	841,025	1,682,785	(734)
Energy Series Fund	-	5,000	(5,000)

Fair Value of Holdings Based On Alternative Assumptions

January 1, 2013	Fair Value as Reported	Potential Range of Fair Value	
		+25%	-25%
Explorer Series Fund	3,438,905	3,694,774	3,183,038
Energy Series Fund	20,000	25,000	15,000

(b) Risk Management and Disclosures

The Funds' investment activities expose them to a variety of financial risks. The Schedule of investment portfolios present the securities held by the Funds as at December 31, 2014, and groups the securities by asset type, geographic region and/or market segment. Significant risks that are relevant to the Funds are discussed below. The sensitivity analyses shown in the notes below may differ from actual trading, and the differences could be material.

The Manager seeks to minimize potential adverse effects of these risks on the Funds' performance by employing professional, experienced portfolio advisers, daily monitoring of the Funds' positions and market events; by diversifying the Investment Portfolios within the constraints of the investment objectives and periodically may use derivatives to hedge certain risk exposure. To assist in managing risks, the Manager also uses internal guidelines that identify the target exposure for each type of risk, maintains a governance structure that oversees the Funds' investment activities and monitors compliance with the Funds' stated investment strategies and securities regulations.

(i) Market Risk

Foreign exchange risk

Foreign exchange risk is the risk that the value or futures cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Funds invest in securities and other investments that are denominated in currencies other than the Canadian Dollar. Accordingly, the value of the Funds' assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore the Funds will necessarily be subject to foreign exchange risks.

The primary purpose of the Funds' foreign currency economic hedging activities is to protect against the volatility associated with investments and other assets and liabilities denominated in foreign currencies in the normal course of business.

Certain Funds, in the normal course of operations will invest in securities in a foreign currency. Consequently, some of the assets and revenues are exposed to foreign exchange fluctuations.

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Funds did not have significant exposure to foreign currency risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Funds' are not exposed to interest rate risk.

Equity and other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or foreign exchange risk). The investments of the Funds are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Funds is equivalent to the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Funds' market price risk is managed through diversification of the investment portfolio.

The most significant exposure to other price risk arises from the Funds' investments in equity securities. As of January 1, 2013, December 31, 2013 and December 31, 2014, had the prices on the respective stock exchanges for these securities raised or lowered by 10%, with all other variables held constant, net assets attributable to holders of redeemable shares would have increased or decreased respectively as follows:

Marquest Mutual Funds Inc.

Notes to Financial Statement
For the years ended December 31, 2014 and 2013
Presented in CDN \$

9. FINANCIAL INSTRUMENTS (continued)

December 31, 2014	Fair Value of Investments in Equity Securities	% of Net Assets Attributable to Holders of Redeemable Shares	Potential Impact on Net Assets Attributable to Holders of Redeemable Shares
	\$	%	\$
Explorer Series Fund	9,519,381	75.3%	951,938
Energy Series Fund	475,858	55.3%	47,586
Canadian Flex™ Series Fund	903,297	88.7%	90,330
Resource Flex™ Series Fund	239,530	73.7%	23,953
Flex Dividend and Income Growth™ Series Fund	8,090,251	83.8%	809,025

December 31, 2013	Fair Value of Investments in Equity Securities	% of Net Assets Attributable to Holders of Redeemable Shares	Potential Impact on Net Assets Attributable to Holders of Redeemable Shares
	\$	%	\$
Explorer Series Fund	13,707,232	79.4%	1,370,723
Energy Series Fund	979,706	85.0%	97,971
Canadian Flex™ Series Fund	1,332,915	92.9%	133,291
Resource Flex™ Series Fund	486,541	77.5%	48,654
Flex Dividend and Income Growth™ Series Fund	9,058,651	92.3%	905,865

January 1, 2013	Fair Value of Investments in Equity Securities	% of Net Assets Attributable to Holders of Redeemable Shares	Potential Impact on Net Assets Attributable to Holders of Redeemable Shares
	\$	%	\$
Explorer Series Fund	33,743,607	84.6%	3,374,361
Energy Series Fund	2,189,315	92.9%	218,991
Canadian Flex™ Series Fund	1,469,173	85.5%	146,917
Resource Flex™ Series Fund	772,006	83.4%	77,201
Flex Dividend and Income Growth™ Series Fund	9,305,622	83.3%	930,562

(ii) Liquidity Risk

Liquidity risk is defined as the risk that the Funds will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Funds may invest in securities, which are not actively traded on a stock exchange. The fair values of these securities may not be indicative of what the Funds could realize on the immediate sale as it may take a significant amount of time to liquidate positions without causing a significant negative impact on the fair value. There can be no assurance that an active trading market for these securities will exist at all times, or that the prices at which these securities trade accurately reflect their values. Additionally for net asset value purposes, in accordance with securities regulation, the Funds must maintain at least 85% of their assets in liquid investments (i.e. investments that are traded in an active market and can readily be disposed of).

In addition, the Funds have financial liabilities outstanding including accrued liabilities, due to manager, payable for redeemable shares redeemed, payable for investment securities purchased and payable to other corporate series. These financial liabilities are all current and are due within 30 days. Redeemable shares are redeemable on demand at the shareholders option. However, Management does not expect that all of the shares will be redeemed immediately as holders of these instruments typically retain them for a longer period.

(iii) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds. The Funds' exposure to credit risk includes cash, investments, dividends receivable and receivables for investment securities sold. The Funds reduce their credit risk associated with cash by maintaining their primary bank accounts at large international financial institutions. All transactions in listed securities are settled for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. The Funds do not have a significant exposure to credit risk.

Marquest Mutual Funds Inc.

Notes to Financial Statement
For the years ended December 31, 2014 and 2013
Presented in CDN \$

10. RECONCILIATION OF NET ASSET VALUE

In accordance with Canadian securities regulations, a reconciliation between the net asset value and the net assets of an investment fund is required for financial reporting periods.

For investments that are traded in an active market where quoted prices are readily and regularly available, IFRS 13, Fair Value Measurements requires that for an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy, rather than the use of closing sale prices currently used for the purpose of determining net asset value. The Fund uses last traded close price unless the close price falls outside the bid-ask spread. As at January 1, 2013, December 31, 2013 and December 31, 2014 there were no differences between the net asset value per share and the net asset per unit per share of the funds.

11. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Statement of cash flows

Under Canadian GAAP, the Funds were exempt from providing a statement of cash flows. IAS 1 Presentation of financial statements requires that a complete set of financial statements include a statement of cash flows for the current and comparative periods, without exception.

Exceptions that are mandated by IFRS 1 First – time adoption of International Reporting Standards

Estimates – IFRS1 prohibits use of hindsight to create or revise previous estimates. The estimates the Funds previously made under Canadian GAAP have not been revised for application of IFRS.

a. Classification of redeemable shares issued by the Fund

Under Canadian GAAP, the Funds accounted for their redeemable shares as equity. Under IFRS, IAS 32 requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Funds' shares do not meet the criteria in IAS 32 Financial Instruments presentation for classification as equity and therefore, have been classified as financial liabilities on transition to IFRS.

b. Revaluation of investments at FVTPL

Under Canadian GAAP, the Funds measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions, to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, Fair Value Measurement, which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. As a result, upon adoption of IFRS an adjustment was recognized to increase the carrying amount of the Funds' investments at January 1, 2013 and as at December 31, 2013 and the Funds' increase (decrease) in net assets attributable to holders of redeemable shares for the year ended December 31, 2013. The table below summarizes the adjustment by Fund:

	Previously reported under Canadian GAAP \$	Bid-ask spread adjustment \$	Reported Under IFRS \$
Marquest Mutual Funds Inc. - Explorer Series Fund			
As at January 1, 2013			
Investments	32,355,341	1,388,266	33,743,607
Net assets attributable to holders of redeemable shares	38,509,427	1,388,266	39,897,693
Net assets attributable to holders of redeemable shares per series			
Series A- Rollover	38,470,402	1,386,858	39,857,260
Series A- Regular	37,982.00	1,370	39,352
Series F	1,043.00	38	1,081
Net assets attributable to holders of redeemable shares per series per share			
Series A- Rollover	1.94	0.07	2.01
Series A- Regular	2.07	0.07	2.14
Series F	1.76	0.06	1.82
As at December 31, 2013			
Investments	12,784,716	922,516	13,707,232
Net assets attributable to holders of redeemable units	16,333,937	922,516	17,256,453
Net assets attributable to holders of redeemable shares per series			
Series A- Rollover	16,303,748	920,811	17,224,559
Series A- Regular	27,979	1,580	29,559
Series F	2,210	125	2,335
Net assets attributable to holders of redeemable shares per series per share		-	
Series A- Rollover	0.82	0.04	0.86
Series A- Regular	0.87	0.05	0.92
Series F	0.75	0.04	0.79
For the year ended December 31, 2013			
Net change in unrealized appreciation (depreciation) in value of investments	(5,706,675)	(465,750)	(6,172,425)
Increase (decrease) in net assets attributable to holders of redeemable shares	(20,846,899)	(465,750)	(21,312,649)
Increase (decrease) in net assets attributable to holders of redeemable shares per series			-
Series A- Rollover	(20,798,439)	(466,047)	(21,264,486)
Series A- Regular	(23,457)	210	(23,247)
Series F	(25,003)	87	(24,916)
Increase (decrease) in net assets attributable to holders of redeemable shares per series per share			-
Series A- Rollover	(1.08)	(0.02)	(1.10)
Series A- Regular	(1.18)	0.01	(1.17)
Series F	(1.13)	-	(1.13)

Marquest Mutual Funds Inc.

Notes to Financial Statement
For the years ended December 31, 2014 and 2013
Presented in CDN \$

11. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

	Previously reported under Canadian GAAP \$	Bid-ask spread adjustment \$	Reported Under IFRS \$
Marquest Mutual Funds Inc. - Energy Series Fund			
As at January 1, 2013			
Investments	1,933,625	255,690	2,189,315
Net assets attributable to holders of redeemable shares	2,100,674	255,690	2,356,364
Net assets attributable to holders of redeemable shares per series			
Series A- Rollover	2,097,657	255,323	2,352,980
Series A- Regular	3,017	367	3,384
Net assets attributable to holders of redeemable shares per series per share			
Series A- Rollover	0.44	0.06	0.50
Series A- Regular	0.57	0.07	0.64
As at December 31, 2013			
Investments	1,044,303	(64,597)	979,706
Net assets attributable to holders of redeemable shares	1,217,619	(64,597)	1,153,022
Net assets attributable to holders of redeemable shares per series			
Series A- Rollover	1,215,126	(64,465)	1,150,661
Series A- Regular	2,493	(132)	2,361
Net assets attributable to holders of redeemable shares per series per share			
Series A- Rollover	0.37	(0.02)	0.35
Series A- Regular	0.47	(0.02)	0.45
For the year ended December 31, 2013			
Net change in unrealized appreciation (depreciation) in value of investments	747,440	(320,287)	427,153
Increase (decrease) in net assets attributable to holders of redeemable shares	(311,392)	(320,287)	(631,679)
Increase (decrease) in net assets attributable to holders of redeemable shares per series			-
Series A- Rollover	(310,868)	(319,788)	(630,656)
Series A- Regular	(524)	(499)	(1,023)
Increase (decrease) in net assets attributable to holders of redeemable shares per series per share			-
Series A- Rollover	(0.08)	(0.09)	(0.17)
Series A- Regular	(0.10)	(0.09)	(0.19)
Marquest Mutual Funds Inc. - Canadian Flex Series Fund			
As at January 1, 2013			
Investments	1,466,707	2,466	1,469,173
Net assets attributable to holders of redeemable shares	1,715,429	2,466	1,717,895
Net assets attributable to holders of redeemable shares per series			
Series A	1,519,018	2,184	1,521,202
Series Low Load DSC	90,509	130	90,639
Series F	13,353	19	13,372
Series I	92,549	133	92,682
Net assets attributable to holders of redeemable shares per class per series			
Series A	7.62	0.02	7.64
Series Low Load DSC	7.86	0.01	7.87
Series F	7.50	0.01	7.51
Series I	8.40	0.01	8.41
As at December 31, 2013			
Investments	1,324,361	8,554	1,332,915
Net assets attributable to holders of redeemable shares	1,426,035	8,554	1,434,589
Net assets attributable to holders of redeemable shares per series			
Series A	1,221,170	7,326	1,228,496
Series Low Load DSC	50,766	304	51,070
Series F	47,689	286	47,975
Series I	106,410	638	107,048
Net assets attributable to holders of redeemable shares per series per share			
Series A	8.57	0.05	8.62
Series Low Load DSC	8.89	0.05	8.94
Series F	8.52	0.05	8.57
Series I	9.65	0.06	9.71

Marquest Mutual Funds Inc.

Notes to Financial Statement
For the years ended December 31, 2014 and 2013
Presented in CDN \$

11. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

For the year ended December 31, 2013

Net change in unrealized appreciation (depreciation) in value of investments	221,795	6,088	227,883
Increase (decrease) in net assets attributable to holders of redeemable shares	178,164	6,088	184,252
Increase (decrease) in net assets attributable to holders of redeemable shares per series			-
Series A	152,379	5,142	157,521
Series Low Load DSC	7,742	174	7,916
Series F	4,182	267	4,449
Series I	13,861	505	14,366
Increase (decrease) in net assets attributable to holders of redeemable shares per series per share			-
Series A	0.88	0.03	0.91
Series Low Load DSC	0.83	0.02	0.85
Series F	1.54	0.09	1.63
Series I	1.26	0.04	1.30

	Previously reported under Canadian GAAP \$	Bid-ask spread adjustment \$	Reported Under IFRS \$
Marquest Mutual Funds Inc. - Resource Flex Series Fund			
As at January 1, 2013			
Investments	768,788	3,218	772,006
Net assets attributable to holders of redeemable shares	922,624	3,218	925,842
Net assets attributable to holders of redeemable shares per series			
Series A	803,687	2,803	806,490
Series Low Load DSC	1,180	4	1,184
Series F	513	2	515
Series I	117,244	409	117,653
Net assets attributable to holders of redeemable shares per series per share			
Series A	5.11	0.02	5.13
Series Low Load DSC	5.32	0.02	5.34
Series F	5.13	0.02	5.15
Series I	5.50	0.02	5.52
As at December 31, 2013			
Investments	486,308	233	486,541
Net assets attributable to holders of redeemable shares	627,618	233	627,851
Net assets attributable to holders of redeemable shares per series			
Series A	500,579	186	500,765
Series Low Load DSC	-	-	-
Series F	550	-	550
Series I	126,489	47	126,536
Net assets attributable to holders of redeemable shares per series per share			
Series A	5.39	-	5.39
Series Low Load DSC	-	-	-
Series F	5.50	-	5.50
Series I	5.93	-	5.93
For the year ended December 31, 2013			
Net change in unrealized appreciation (depreciation) in value of investments	72,575	(2,985)	69,590
Increase (decrease) in net assets attributable to holders of redeemable shares	47,448	(2,985)	44,463
Increase (decrease) in net assets attributable to holders of redeemable shares per series			-
Series A	38,119	(2,617)	35,502
Series Low Load DSC	47	(4)	43
Series F	37	(2)	35
Series I	9,245	(362)	8,883
Increase (decrease) in net assets attributable to holders of redeemable shares per series per share			-
Series A	0.32	(0.02)	0.30
Series Low Load DSC	0.21	(0.02)	0.19
Series F	0.37	(0.02)	0.35
Series I	0.43	(0.01)	0.42

Marquest Mutual Funds Inc.

Notes to Financial Statement
For the years ended December 31, 2014 and 2013
Presented in CDN \$

11. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

	Previously reported under Canadian GAAP \$	Bid-ask spread adjustment \$	Reported Under IFRS \$
Marquest Mutual Funds Inc. - Flex Dividend and Income Growth Series Fund			
As at January 1, 2013			
Investments	9,290,173	15,449	9,305,622
Net assets attributable to holders of redeemable shares	11,147,765	15,449	11,163,214
Net assets attributable to holders of redeemable shares per series			
Series A	10,881,769	15,080	10,896,849
Series F	183,295	254	183,549
Series I	82,701	115	82,816
Net assets attributable to holders of redeemable shares per series per share			
Series A	12.80	0.02	12.82
Series F	11.60	0.01	11.61
Series I	13.78	0.02	13.80
As at December 31, 2013			
Investments	9,049,998	8,653	9,058,651
Net assets attributable to holders of redeemable shares	9,807,988	8,653	9,816,641
Net assets attributable to holders of redeemable shares per series			
Series A	7,588,450	6,696	7,595,146
Series F	2,142,135	1,889	2,144,024
Series I	77,403	68	77,471
Net assets attributable to holders of redeemable shares per series per share			
Series A	14.06	0.02	14.08
Series F	12.88	0.01	12.89
Series I	15.48	0.01	15.49
For the year ended December 31, 2013			
Net change in unrealized appreciation (depreciation) in value of investments	768,578	(6,796)	761,782
Increase (decrease) in net assets attributable to holders of redeemable shares	963,949	(6,796)	957,153
Increase (decrease) in net assets attributable to holders of redeemable shares per series			
Series A	800,025	(8,384)	791,641
Series F	154,754	1,635	156,389
Series I	9,170	(47)	9,123
Increase (decrease) in net assets attributable to holders of redeemable shares per series per share			
Series A	1.18	(0.14)	1.04
Series F	1.90	(0.02)	1.88
Series I	1.60	(0.01)	1.59

12. FUTURE ACCOUNTING PRONOUNCEMENTS

IFRS 9 *Financial Instruments* was issued in final form in July 2014 by the IASB and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Fund is currently assessing the impact of adopting the IFRS 9 on the financial statements.

13. STATEMENT OF PORTFOLIO TRANSACTIONS

An unaudited statement of portfolio transactions for the Funds for the year ended December 31, 2014 may be obtained, without charge, by writing to the Manager.

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